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NEWS SUMMARY

GENERAL

Portugal faces angry protests over shooting at two-year peak

Portugal faces angry protests over the shooting of Left-wing demonstrators who came out on behalf of military prisoners held since the November 25 rebellion.

According to an official spokesman in Oporto, the National Guard opened fire only after hearing what appeared to be the sound of gunfire coming from the crowd, and when it appeared that the protesters were about to storm the prison.

Three people died and seven were injured when the National Guard fired into the crowd outside Custodios Prison near Oporto on New Year's Day. The shooting came in the wake of increasing disquiet over the government's failure to bring to trial detainees of both Right and Left since the April 15, 1974, coup. Back Page.

Pilgrims escape

A Saudi Airlines DC-10 with 380 Moslem pilgrims and 13 crew aboard, crash-landed on a darkened runway at Istanbul early yesterday after an engine caught fire. It slowed across the runway before everyone on board was ordered to evacuate. A few people slightly injured. In Beirut, airlines sources said sabotage was ruled out as the cause of the New Year's Day crash of an MEA jet in Saudi Arabia.

Shops blown up

Terrorists blew up three city centre stores in Belfast yesterday as bargain hunters thronged the sales. A furniture store, a man's boutique and a tailor's were destroyed, but there were no reports of any injuries. Back Page.

Envoy recalled

South Africa has recalled its ambassador to Brazil after Brazil decided to close its ports to competitors in the Cape to Rio yacht race. Brazil said it was a gesture of support to the UN. South Africa said it was "very disturbing." Page 13.

Beirut deserted

Lebanon's latest ceasefire took hold in Beirut yesterday, but fears of renewed clashes between Christian and Moslem gunmen kept the streets deserted. Bars and businesses were due to re-open, but there was little sign of confidence returning. Page 13.

Transport Call

Further restrictions on private cars in cities and suburbs for public transport to reduce bus services from "severe financial difficulty" have been called for by the Transport and General Workers' Union. Page 15.

People and places

Gales lashed most of Britain last night, damaging power and telephone lines and forcing speed restrictions on motorways. Port Everglades divers repaired a 5-foot gash in the hull of a ship after she hit a rock at Nassau. The Shah of Iran has cancelled a planned visit to Austria for the February Winter Olympics for security reasons following the recent OPEC kidnapping in Vienna. January £75,000 premium bond winner (99W 030070) lives in Birmingham. Young policeman, posing as a priest, climbed a 200 ft crane and walked along the job to rescue an escaped mental patient in Manchester. Canada had a death-free New Year on the roads for the first time in the motor age. Russian who stole two Christmas trees from a Moscow park got 30 months' jail and a £50 fine. The "land mine" found beneath Weymouth Pier on Thursday turned out to be part of a ship's dustbin. Young Lebanese yesterday learned new respect for his mother-in-law's fortune-telling powers. As she told him he was due for an unpleasant surprise, a sniper shot a coffee cup out of his hand.

Chemical output shows increase

CHEMICAL output in the U.K. rose by 3 per cent in the third quarter of 1975, according to Government figures. This may mean destocking by the industry has come to an end. Page 8.

THREE candidates to succeed

Mr. Michael Marriott, who died last month, as Stock Exchange chairman in next Tuesday's election are Mr. David LeRoy-Lewis, Mr. James Dundas Hamilton and Mr. Nicholas Goodison. Page 15.

UNITED Kingdom Provident

has no longer guarantee surrenders on its new life policies was due for an unpleasant surprise, a sniper shot a coffee cup out of his hand.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)		
Treasury 3 1/2 1977-80	134	+ 1
Transport 3 1/2 1978-81	141	+ 1
Allen Harvey & Ross	410	+ 30
Berkeley Hambro	99	+ 8
Beaumont	17	+ 7
Boots	552	+ 9
"Bats"	358	+ 10
British Northrop	76	+ 10
Furness Withy	184	+ 6
GIC	145	+ 12
Gliffie Bros	215	+ 12
Glaxo	378	+ 8
GUS 'A'	212	+ 7
Guardian Royal Ex.	202	+ 7
GKN	272	+ 6
Howard Machinery	464	+ 24
ICI	338	+ 5
Land Rover	182	+ 10
Lloyds Bank	240	+ 7
Lucas Inds.	191	+ 6
MEPC	89	+ 6
Marks and Spencer	101	+ 5
Nat. Westminster	258	+ 8
Philips Lamp	883	+ 38
Stock Conversion	166	+ 11
Tate and Lyle	235	+ 7
Thorn Elect.	228	+ 12
Unilever	442	+ 12
Union Discount	370	+ 10
BP	592	+ 9
Shell Transport	358	+ 10
Botswana	52	+ 5
Charter Cons.	188	+ 6
De Beers Ltd.	305	+ 6
Gold Fields Prop.	220	+ 6
Pols. Plat.	158	+ 6
RTZ	192	+ 5
Southvaal	740	+ 40
Winkelsbaak	920	+ 70
FALLS		
Channel Tunnel	45	- 20

Cuts in MLR and Lloyds' base rate give gilts a boost

BY ANTHONY HARRIS

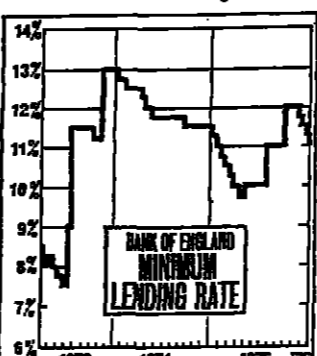
An unexpected quarter-point cut to 11 per cent. in Minimum Lending Rate—the second during the holiday period—and an equally unexpected half-point cut in base lending rate to 10 1/2 per cent. by Lloyds Bank lifted an already buoyant market in Government securities yesterday.

In what one broker described as a "near-panic buying," the Government broker is estimated to have sold at least £100m of stock, while prices rose by up to 87 1/2p. Equity prices rose more sharply on relatively thin demand, and the FT index reached a 25-month high at 384.8.

The move towards lower interest rates has been given impetus by very easy monetary conditions in both London and New York. In the U.S., the Federal Reserve Board has been adopting a steadily easier credit stance since the news on Monday that the money supply had fallen by \$1bn. in a month, bringing monetary growth over the last three months to an annual rate of only 1.6 per cent., compared to the official target of 5.7 per cent.

Although prime lending rates remained unchanged yesterday, a fall is widely expected; and since a rise in U.S. rates is seen as the main threat to continued easing in London, the New York news has helped to sustain a vigorous market here, even during the thinly-manned holiday period.

The fall in the MLR nevertheless took part of the discount market completely by surprise, and tenders based on the expectation of an unchanged rate were unsuccessful. In an unusual move, the Bank of England sold Treasury bills from its own portfolio to the market on the day of the tender



—a measure of the extremely easy conditions, despite the recently-announced fall in the money supply.

The authorities have in fact been taking advantage of the strength of the gilt market to reduce the swollen issue of Treasury bills; the last two tenders have reduced the total issue of £300m., and the sale from the Bank portfolio can therefore be seen as a smoothing operation. This seems to be confirmed by the announcement that at the next tender, £200m. of bills will be offered to replace the same sum in maturing bills.

However, it is the low commercial demand for credit which is clearly setting the tone. Apart from the move, the Bank of England is highly unusual for this in recent weeks. At 11 per cent.

that more than one clearing bank was selling gilts with under one year to maturity, which count as reserve assets, and reinvesting the money in long-dated and higher yielding stocks. Such a move to reduce available reserves seems to confirm that the recent rise in seasonally-adjusted private bank borrowing is not being seen as the start of any solid revival in demand.

Other investors were also switching into longer-dated securities, brokers reported. This again suggests that the buying is inspired by something more than the movement of the market itself.

Among the factors cited as encouraging the market were the IMF approval of credits for the U.K., together with the fund's endorsement of British policy objectives; and the latest economic forecasts from the U.S., which suggest subdued growth for 1976, with a very flat period—and a slack credit market—in the next few months.

Apart from the reduced Administration growth forecasts reported in the FT yesterday, a Wall Street forecast from White Weld estimated the growth rate over the past six present quarter at only 2.2 per cent., at an annual rate. This helps to push the spectre of rising U.S. rates to a safe distance.

The likelihood of such pressure has in any case been reduced in recent weeks. At 11 per cent.

Continued on Back Page

Stores find a bargain in the January sales

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

AGAINST ALL expectations, the sales were over. February volume sales in the first week of the January sales are well up on last year in most stores. After what the director of one department store group described as a "wretched" Christmas, the clearance sales are being hailed as "fantastic" and "totally ridiculous".

The increase has been right across the board and few stores will admit to a volume increase of less than 5 per cent. on last year. Debenhams said that after inflation had been taken into account, sales in the first week of its sale looked like being the best in the company's history.

Bursting point

The Lewis's group, which operates Selfridges in Oxford Street as well as a chain of provincial stores, said volume sales were up 10 per cent. above last year. On the day of the Selfridges sale, for example, sales were 55 per cent. up in real terms on the first day of last year's sale while even in the North-west of England the Lewis's stores were filled to bursting point yesterday. The John Lewis Partnership sales in all departments of its West End stores were above average with electrical goods, coats and suit furnishings selling "incredibly well".

Retailers warned, however, that the current spending-spree could come to a sudden end once stocks.

Some groups, however, have been caught short by the rush of customers this week. Though some companies had forecast that the sales would be good, they have exceeded all expectations and Selfridges warned that there might be gaps on the shelves in some departments today, as, with most of their supplies not starting work until Monday, the store was unable to get fresh stock or all the stock it needed until next week.

Cash, not credit

Most stores said that the increased volume was coming in the form of cash sales rather than credit purchases. In the first day of the Selfridges sale, for example, 80 per cent. of its takings were in cash. Even the larger consumer durables, like furniture, have tended to be paid for in cash, in spite of the relaxation of hire purchase conditions, with sales picking up noticeably yesterday.

The beginning of the clearance sale has been helped by the fact that so many people have had the whole week from work and many shops said there were more cautious than in previous years. Generally, retailers have not found it difficult to buy in merchandise at good prices as manufacturers, some of them with severe cash flow problems, are also anxious to clear their stock until next Wednesday.

British Airways expects further net loss, despite revenue rise

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS is expected fully. The start of fare-paying to incur another net loss in the passenger services to Bahrain on January 21, at the same time as next March 31, despite a substantial increase in revenues. In 1974-75, the net loss was £9.8m. Mr. Henry Marking, deputy chairman and managing director, told staff in the latest issue of British Airways News that costs continue to rise at a frightening rate, outpacing revenues.

This year, he says, costs are expected to be up by £128m., or 19 per cent., on the 1974-75 level. As a result, the airline will have to continue to practise tough housekeeping measures through 1976—a year in which world-wide, the growth in air traffic is not expected to be much more than 5 per cent., while on the airline's European routes another year of zero-growth is expected.

In the home market, which accounts for some 40 per cent. of the airline's revenues, the recession has bitten deeper, making business much more difficult to obtain. Mr. Marking says the airline intends to exploit Concorde

The British Air Line Pilots' Association is seeking a substantially higher rate than the £14,000 for subsonic jets. Although no figure is being disclosed, it is believed to be somewhere in the £17,000-£20,000 bracket.

This is well below the maximum of £42,000 that Air France Concorde pilots are expected to earn—although it is pointed out that this figure reflects both the costs and standards of living in France and the effect of exchange rates, and so cannot be directly compared with U.K. Concorde pilots' pay.

The U.K. Concorde pay talks are understood to be centred on how the pilots can be paid more without breaching the Government's pay policy guidelines.

The airline is beginning a period of intensive preparation for the services. Talks are still in progress on the rates for the right-hand crews on Concorde.

Jobs safe Harland workers told

By Alan Watson

BELFAST, Jan. 2

MORE THAN 9,000 workers at the Belfast shipyard of Harland and Wolff have been told that their jobs are for the present at least, safe because of a considerable increase in productivity in the last three months of 1975.

The news that the yard had pulled itself out of a crisis which only months ago threatened to close it, came in an announcement from Mr. Ronald Punt, the managing director, who said that Harland, if it continued to improve at the same rate, would soon be "back on course".

Mr. Stanley Orme, Northern Ireland Minister of State, warned the yard on October 2 that the Government, which has put £50m. into the Belfast operation and promised to cover £60m. more losses if necessary, wanted to see a significant increase in steel throughput and productivity before the end of 1975.

A spokesman for the company said last night that the workforce at the yard had given its answer to Mr. Orme. He described the productivity figures as extremely heartening for the future.

Since Mr. Orme's virtual ultimatum, a steady increase in the steel throughput has occurred, and during the week ending December 3, it reached the highest level ever recorded at the yard.

Harland said it should be emphasised that because of weather conditions and programming requirements, considerable fluctuations could occur in the weekly amount of steel moved in the yard, isolated weekly figures could therefore give a misleading picture.

What was significant, however, was the sustained movement towards a higher level of production.

Over the past three months, considerable progress had been made. Production targets against which the performance of the company is regularly monitored, have been achieved.

Last Chrysler plant accepts aid package

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

THE LAST Chrysler plant to consider the Government-aided £120m. programme for re-establishing the company yesterday voted overwhelmingly to accept it, just 24 hours before the deadline.

But only some 500 of the 4,300 employees at the Avenger car plant at Ryton, Coventry, bothered to attend the mass meeting in the rain to vote on a package that will make two in three of them redundant. Only about 20 hands were raised against accepting the programme.

Their acceptance paved the way for Government funds to be released since all other factories in Scotland, the Midlands and in the Luton area have already agreed to the scheme.

The bitterness against the Government, Chrysler management and union executive officers expressed at individual factory meetings was lessened somewhat by the company's willingness to negotiate voluntary redundancy instead of imposing it on the basis of last in, first out.

However, this will only be within the compass of maintaining balanced labour forces in terms of skills in the many departments. For almost all of those who have been with the company three or four years, it means no more than the statutory three or four weeks' redundancy pay.

Demand for improved severance pay, filling future vacancies with those still out of work, work-sharing—which at Ryton the company has said would cost an extra £500,000—and other devices for softening the effects of the dismissals, have been turned down.

This is chiefly due to costs. Chrysler has stated that its financial position becomes critical this week-end, and it has to operate the rescue plan within the financial limits laid down. Unless the plan was agreed by this week-end to enable Government money to be released, Chrysler could not continue to operate its factories.

Nevertheless, ways of mitigating hardship will be vigorously pursued to-day when the senior shop stewards from all the U.K. factories and their national union executive officers led by Mr. Bob Wright, an executive member of the Amalgamated Union of Engineering Workers, meet management again to formalise the plant acceptances and turn their attention to the future.

The only rejection of the package has come from the white collar unions. The 700 Association of Scientific, Technical and Managerial Staffs' members at Chrysler's Midlands factories yesterday voted to reject the scheme and their representatives demanded negotiations, without specifying on what subjects. The Technical and Supervisory section (TASS) of the AUEW has also been actively campaigning against acceptance.

However, it is the attitude of the production workers that is crucial to the whole deal and now they have assented to it the fact that some of the staff are still objecting to certain facets of it will not be allowed to impede progress that is expected to help the company through its critical financial period will be authorised on Monday.

Last night Mr. Rob McCusker, assistant secretary of ASTMS and one of the white collar union leaders in the negotiations, made it clear that he would be recommending acceptance to-day as the lesser evil in order to save 17,000 out of the 25,000 jobs at Chrysler's U.K. factories.

Mr. McCusker is flying on Monday to Paris, where he will be joined by Coventry branch officials, to meet officers of the French metal workers and automotive unions.

Simca plant

While workers at Chrysler's French Simca plant have indicated that they will make no objections to supplying Ryton with kits of the new Alpine for assembly there, Mr. McCusker is Continued on Back Page

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The week in London and New York

Equities move up through 380

The market failed to ring out the old year at a new peak—but only just. Yesterday the 30-Share Index closed at 384.8 for a rise of 21.4 points over the four trading sessions of this week. That puts equities comfortably ahead of their best of 1975 (377.8) and dealing volume over the past couple of days has been usefully perky. Gilt continued to push ahead. M.L.R. eased another 1 point yesterday (its second reduction in two weeks), inter-bank rates have been moving lower all week and the gilt market figures prominently in the Press "tips" for the New Year.

For their part, the broader based actuaries have only just failed to keep pace with the leaders where Unilever, Bata, ICI and Beecham have all been hitting new highs. And it is

Electronic Rentals expands again

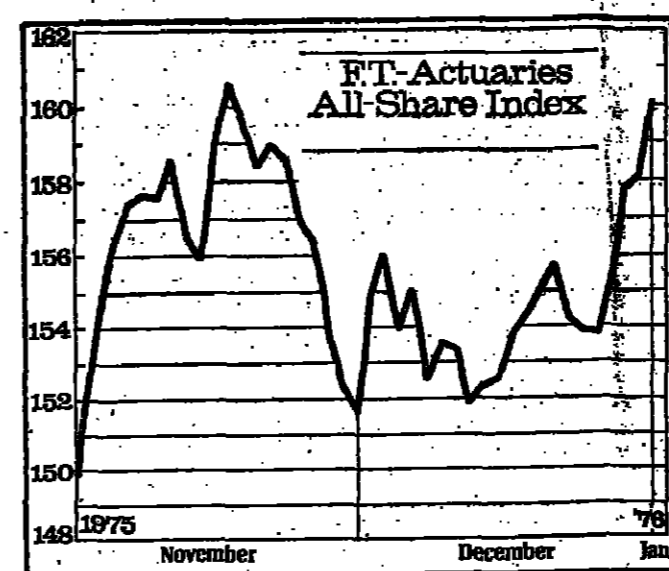
The evening of New Year's Eve is an odd, but apparently recently popular time to produce company news—in 1974 there was the disclosure of Burmah's troubles and this week brought the announcement by Electronic Rentals of the £23m. acquisition of TV rental assets from Philips, which wanted to reach agreement by midnight on December 31, its year end, for balance sheet reasons. The deal, which stands to increase ER's TV rental income by over 30 per cent, has a number of unusual features: for example, the Treasury has agreed to a substantial increase in the dividend—over three-quarters on an annualised basis—principally because around £3m. of the cost is being paid for by a share placing which will keep Philips' stake below the 30 per cent mark. Moreover, ER also needs

to increase its yield to secure early conversion of its £31m. loan and hence avoid exceeding its borrowing limits. But there is apparently no obvious dividend in the pound—but this is to be desired early conversion since the key factor for the Treasury seems to have been the placing as it raises new money, rather than the convertible offer.

The other unusual point is that the offer document is likely to contain a profit forecast for the enlarged group for the year ending March, 1977. This is not as adventurous as it might appear since the deal is not like the joining of, say, two separate manufacturing companies; there are definite operating advantages from a rise in density of sets per branch of between 6 and 11 per cent. Anyway, the underlying profits trend appears to be healthy enough with an increase of a fifth at the half-way stage of 1975-76 (adjusting for reorganisation costs)—and the shares have also been strong after a rise of 20 per cent last month.

Timber in from the cold

The major cause of Jessel's demise lies with the failure of the company's life assurance on the shoot London. Indemnity and General (net worth at June 1973, £29.5m.; trading losses £21.5m.) to which Jessel still



owes £5.5m. A consortium of insurance companies came to the rescue of the LIG policyholders.

Having moved broadly in line with the market up to the end of August, our building materials sector has outperformed the averages by a street during the past four months—rising well over a quarter. The strength of timber shares has been one explanation, notably Magnet and Southern following their decision to merge. But the straightforward trading situations have all shown plenty of bounce, and Mazon and Meyer—up over a fifth and a half respectively since the end of August—have been pushing new highs this week. The latest review of the sector—the 1975 supplement to Savory Miln's Building Book—provides some timely data.

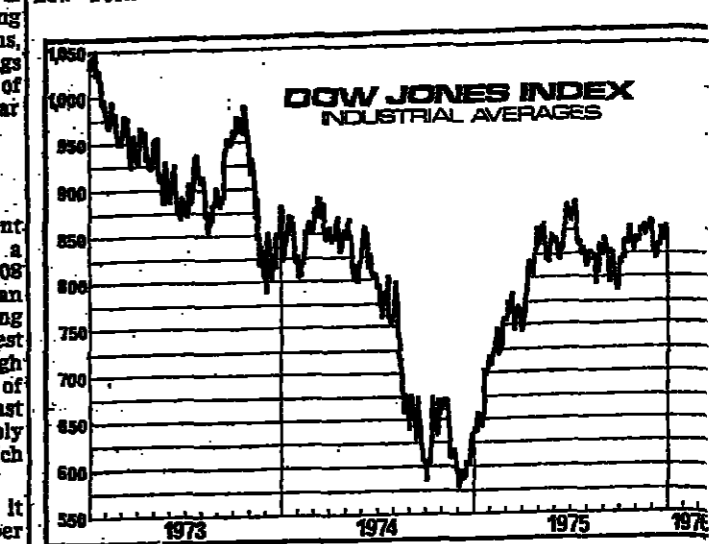
Savory projects profits recovery for the leading shares this year and in general rates the sector a buy. But the brokers also provide a reminder of the financial characteristics of the industry—its dependence on bank financing within a borrowing ratio (debt to shareholders funds) of around 70 per cent, and a stock turn which last year averaged just five times. The cycle is clearly rising with stocks down to levels close to projections. But Savory's estimates of housing starts for 1976 point to growth of just 7 per cent, after a rise of an eighth last year.

Some timber balance sheets could be getting close to the point where a funding exercise becomes a possibility—with all

that rights issues can imply for dividends. The average dividend cover for the leading shares is around 3½ times. Following 1975's string of acquisitions, Montague Meyer's borrowings could emerge modestly ahead of net worth when its calendar year comes to an end in March.

For all the market's obvious lack of enthusiasm, 1975 will go down in stock market history as one of Wall Street's best years. The 238.17 point gain in the DJII recorded over the 12 months as a whole is the biggest point gain ever recorded in any one year. At the same time, the 33.3 per cent rise over the year is the best annual percentage gain since 1954.

During the year trading volume also reached new highs. The total 12 month volume of 4.7bn. shares (according to the New York Stock Exchange) re-



presents a 34 per cent gain on 1973 and, more important, a 15 per cent jump on the previous record seen in 1972.

A year ago, investors and brokers trying to pick the winners for 1975 would seem to have had little chance of succeeding. With few exceptions the 10 best performers over the past 12 months are all relatively small, under \$100 million companies spread out through a wide diversity of industries.

According to Interactive Data, a computer-financing company specialising in financial analysis, 1975's top winner was Best Products, a company that retails general goods through catalogue showrooms. Its rise from around \$22 million to \$115 million represents a near 500 per cent jump.

Following Best with percent-

TOP PERFORMING SECTORS IN FOUR WEEKS FROM DECEMBER 4

	% Rise
Property	+13.1
Wines & Spirits	+9.9
Electronics, Radio & TV	+9.4
Hire Purchase	+7.6
Discount Houses	+7.0
Building Materials	+4.1
All-Share Index	+2.7

THE WORST PERFORMERS % Fall

	% Fall
Investment Trusts	-0.1
Contracting & Construction	-0.4
Insurance (Brokers)	-0.7
Breweries	-1.7
Office Equipment	-2.0
Shipping	-2.6

interesting to note that over the past month some of the sharper performing sectors have been property, hire purchase and wines and spirits—all of which emerge at the bottom end of the charts taking their performance over 1975 as a whole. The economy may not be going to show much real growth this year; but at this stage cash, gold and property are not looking premium investments, and yesterday the bull market made a surprisingly firm start to 1976.

As for this week's "stories," Slater Walker has risen more than a fifth this week, and against a background of Arab share dealings Lomrho has recently been keeping its relative price weakness at bay,

MARKET HIGHLIGHTS OF THE WEEK

	Price	Change on	1975/6	1975/6	
	Yday	Week	High	Low	
F.T. Ind. Ord. Index	384.8	+21.4	384.8	146.0	Optimistic economic forecast
F.T. Gold Mines Index	246.9	+16.7	442.3	218.4	U.S. investment interest
Treasury 8½ 1980/82	684½	+ 1½	691½	672½	Reflects current Gilt trend
British Northrop	76	+20	76	35	Follows return from suspension
Brown (John)	75	+16	120	42	Press recommendation for 1976
Cater Ryder	280	+33	280	110	In sympathy with Gilt
Channel Tunnel	45	+21	70	12	Speculative demand/thin market
De La Rue	204	+13	204	65	Press recommendation for 1976
English Property	68½	+10½	93	25	Press recommendation for 1976
Land Securities	192	+19	251	79½	Returning confidence in properties
Leedsbrook	8	+ 5½	10	2½	TCK acquire nearly 30% stake
London Tin	167	+20	192	106	Big hopes
Lomrho	131	+14	159	68	Kuwaiti share deal
Minerco	222	+24	315	182	U.S. demand
RTZ	192	+16	211	80	Copper recovery anticipations
Rockware	72	+ 7	72	20½	Sale of Slater Walker's 28% stake
Shell Transport	388	+26	390	118	Switching from Royal Dutch
Slater Walker	28	+ 5	108	17	Jim Slater's 2m. shares sold
Sunley (Bernard)	177	+34	198	90	Favourable Press comment
Tate and Lyle	255	+22	266	85	Results due soon

Mining

A year of Sundays?

BY KENNETH MARSTON, MINING EDITOR

OVER the past couple of weeks, which seem to have been composed largely of Sundays interspersed with awkwardly placed working periods, quite a few of us may well have had to pause and think for a moment when he asked what day of the week it was. And then we've got it wrong.

I have an uneasy feeling that a similar situation is going to apply this year to metal prices. In the case of gold, price forecasts are as hazardous as ever and it was notable that the chairman's statements published on Tuesday with the annual reports of the Anglo American group's Orange Free State gold mines went no further than to express confidence in the metal's longer term future.

Gold points

They did, however, make some points which are worth hearing in mind. Firstly, there are signs of a revival in buying of gold for investment and also for its use in jewellery. Secondly there seems little likelihood of an increase in production mines, for example, are not expected to raise output in the current year to September 30. Of course, there is the proposed International Monetary Fund sale of 25m. ounces (equal to just over one year's South African production) overhanging the market, but the latter has lived with this bogey for three months now and the price of gold has steadied at around \$140 per ounce compared with \$180 immediately before the IMF sale news.

So far as mine earnings in South Africa are concerned, it is worth pointing out that, as a result of the Republic's 17.9 per cent devaluation in September, the current gold price brings in the same amount of revenue in terms of rands as did the average of around \$167 which was obtained by the producers last year.

They have to face some production loss as a result of the five-day working week which is to be introduced shortly, but the white unions have agreed to a measure of job advancement for the black workers.

Furthermore, the shortage of black labour which, is now nearly over has been a spur

February should bring the new bid approach coming in 1975 results of the giant Anglo de course from the General American Corporation. Half-Mining camp.

Rio Tinto-Zinc is due to report its annual results in April and, in view of the group's size, able dependence on revenue from copper, they are probably not have been helped by lower income from copper and gold, going to be "substantially" suggested that there should still be a good overall total for 1975. Sir Val Duncan. Views on the We can also expect in current outlook for RTZ will be eagerly awaited from his successor, Sir Mark Turner, at the already warned that it does not expect the 1975 earnings total to match that of 1974, but the 1975-1976 profits of Selection share market is probably more Trust—will they also contain interested in the possibilities of news of a rights issue?

to the more efficient use of men and increased mechanisation. This could help the continuing battle against rising costs. Meanwhile, devaluation should brighten the December quarter profits which are due to be announced in the week beginning January 12.

Whether the latter will contain further news of the proposed full take-over of the Freddie mine by Free State Geduld is a moot point. But a closer eye should be kept on this development which could well turn out to be more than just a cost-cutting operation designed to work the two mines as one.

Base metals

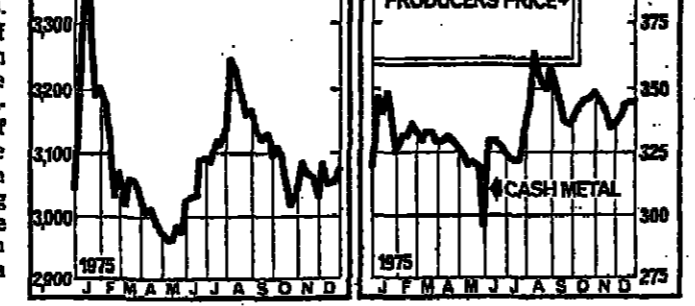
As far as the base-metal front is concerned, I like to think that the mirror image of the 1975 price graphs will give the picture for 1976. The hoped-for recovery, however, may not be so dramatic but it will probably be anticipated by share prices.

Therefore, this is no time to part with holdings of the leading mining finance stocks, especially if there is a general share market revival to give companies such as Selection Trust, Johannesburg Consolidated, and Consolidated Gold Fields the opportunity to boost their shareholdings.

Looking to some of the more important events which are due in the first quarter of this year, the current month will bring—apart from the gold quarterly reports—the Central Selling Organisation's 1975 diamond sales figure.

Helped by a price increase of an average 1.55 per cent last January, the value of gem sales picked up in the first half of last year following the sharp reversal that was seen in the second half of 1974. That improvement has probably continued but it is doubtful whether the 1975 total will match that of 1974 when sales were still riding high in the early months.

Even so, the 1975 results of De Beers, which are due in March, are still expected to make a good showing and expectations are for a dividend total of 23 cents compared with the 25 cents paid for 1974. An economic recovery could bring a further improvement in the current year, especially as gem prices are to be raised by a further 3 per cent this month.



to the more efficient use of men and increased mechanisation. This could help the continuing battle against rising costs. Meanwhile, devaluation should brighten the December quarter profits which are due to be announced in the week beginning January 12.

TV Radio

<p>BBC 1</p> <p>Indicates programme in black and white.</p> <p>9.00 a.m. Bagpuss. 9.15 Jeannie. 10.00 Whirlybirds. 10.05 Bewitched. 10.20 The Little House on the Prairie. 11.15 Laurel and Hardy in "Helpmates". 11.35 Bugs Bunny. 11.45 Password. 12.10 p.m. Weather.</p> <p>12.15 Grandstand: FA Cup Focus (12.20); Racing from Newbury (12.50, 1.30, 1.50); Athletics (1.10); Rugby Union (1.15); Football (1.20); Soccer (1.30); Soccer (1.40); Soccer (1.50); Soccer (2.00); Soccer (2.10); Soccer (2.20); Soccer (2.30); Soccer (2.40); Soccer (2.50); Soccer (3.00); Soccer (3.10); Soccer (3.20); Soccer (3.30); Soccer (3.40); Soccer (3.50); Soccer (4.00); Soccer (4.10); Soccer (4.20); Soccer (4.30); Soccer (4.40); Soccer (4.50); Soccer (5.00); Soccer (5.10); Soccer (5.20); Soccer (5.30); Soccer (5.40); Soccer (5.50); Soccer (6.00); Soccer (6.10); Soccer (6.20); Soccer (6.30); Soccer (6.40); Soccer (6.50); Soccer (7.00); Soccer (7.10); Soccer (7.20); Soccer (7.30); Soccer (7.40); Soccer (7.50); Soccer (8.00); 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Your savings and investments

Getting tax-free income

BY ERIC SHORT

THE MARKETING success of the high-yielding trusts last year illustrated, among other things, the demand for investors for income. But for the higher-rate taxpayer, the attractive-looking double-figured gross yields obtainable look very ordinary when tax is taken into account. This category of investor, seeking a steady income, would be well advised to look at the withdrawal facilities available on a bond issued by a life company.

The 1975 Finance Act introduced the facility whereby a bondholder can withdraw up to 5 per cent each year of his initial investment without incurring any immediate tax liability whatever—basic rate, higher rate or investment income surcharge. Actually basic rate taxpayers can withdraw any amount under a withdrawal scheme without suffering immediate tax, but higher rate payers would be taxed on the amount above 5 per cent.

This means that a higher rate taxpayer seeking an income of 5 per cent per annum can get a £500 net return per annum under a withdrawal scheme for the outlay of £10,000. The corresponding outlay for an investor paying 60 per cent tax on a net income of £500 per annum would be £12,500 on a withdrawal scheme—defect at outset fund yielding 10 per cent gross. The higher the rate of tax the more attractive becomes the immediate advantages of the withdrawal scheme.

There is, however, a deferred tax liability and the day of reckoning comes when the investor eventually cashes in his bond. For at that time the growth on the bond is commuted and the investor may be taxed at the higher rate on the "top-slicing" principle. This is done by dividing the growth by the number of years the bond has been in force and charging this to the amount for higher rate tax. But the rate charged is that applicable to the investor at the time of cashing in.

Therefore, the investor should arrange the actual time of cashing in when it is most favourable to him, namely when his income is lower and his tax rate less. The ideal time would be after he has retired. If at the time of cashing in he is only paying basic rate tax, there will be no tax liability whatever.

There are however certain dangers inherent in withdrawal schemes that the investor should take into consideration. The investor obtains his income effectively by selling some of his units. This process is fine while the value of his units, including reinvested income, is rising faster than 5 per cent per annum. But the value of units can fall and it does not need a very long memory to appreciate the effects of a sustained bear market.

Withdrawal schemes were extremely popular in the early 1970s with rates being offered as high as 12 per cent. In some cases, when the downturn in the equity market came, investors using these schemes found their capital eaten up very quickly. Therefore investors considering withdrawal schemes should appreciate this defect at outset and be prepared to forego making a withdrawal at times when the market is depressed. Fortunately the Act allows some flexibility in that investors may cash up a year without tax penalty.

Therefore investors should pick bonds that are not too volatile in unit price. My preference would be towards a property-based fund rather than an equity-linked bond. But it would be prudent for higher rate taxpayers to seek expert advice and to be satisfied that they fully understand the implications of these schemes.

A better year for funds

BY CHRISTOPHER HILL

TWO WEEKS ago, I tried to pinpoint the unit trust winners and losers for 1975 and this week is clearly the time to do the same exercise on the rest of the savings and investment field, leaving out "alternative" investments like paintings and stamps.

Abbey scores

POSSIBLY THE biggest turnaround during 1975 was in the gold coin market where the price of the kruggerand fell from around £92 at the beginning of the year to £72 at the end with domestic coins trading at only a tiny premium over the gold content. Dealers now report that there is little or no investor interest in coins and the gap has not been bridged by any alternative enthusiasm for silver kilobars or platinum bars. However, there is some evidence of professional interest in platinum—which is also available to the private investor in bars starting at 1 oz.

While gold coins fell from grace during 1975 on the back of the falling bullion price and the revival in equity markets, property fund managers had a rather better time. Indeed there were reports throughout the year that investors' interest in property was reviving and bond managers were back to net cash inflows. This led to better unit prices for the funds, but as usual it is difficult to make judgments as to which managed properties best during the year.

The Abbey Property Bond looks to have outstripped the rest of the field in terms of performance (up 30.9 per cent at the end of November) but then it was also marked down more severely than its major competitors during 1974. Hambro had scored an improvement of only 3.6 per cent at the same stage. Still, most of the bonds did do better and Abbey reckons that the portents for property funds are healthier now than pension funds are displaying an enthusiastic buying posture. The group has not yet got round to undertaking any new develop-

ments, but it is starting to think about it—which means that the merry-go-round could start all over again.

Managed Bonds

WHERE MANAGED or "3-way" bonds are concerned the picture is that any bond fund as usual it is difficult to make judgments as to which managed properties best during the year.

The Abbey Property Bond looks to have outstripped the rest of the field in terms of performance (up 30.9 per cent at the end of November) but then it was also marked down more severely than its major competitors during 1974. Hambro had scored an improvement of only 3.6 per cent at the same stage. Still, most of the bonds did do better and Abbey reckons that the portents for property funds are healthier now than pension funds are displaying an enthusiastic buying posture. The group has not yet got round to undertaking any new develop-

City of Westminster funds. As for the life assurance equity funds (remember they originated the single premium boom in the mid-1960s) these also look uninspiring over the long-term, but performance last year were exceptionally good in some cases—Confederation Life, Norwich Union Equity Fund and the Vanbrugh Equity Fund being among the stars.

As for investment trusts, performance is always difficult to assess until the year-end net asset figures are all known and the overall picture generally has to wait until well into the new year. The discounts also complicate any comparisons for the average narrowed from around 38 per cent at the start of 1975 to 27 per cent at the end, having been as low as 21 per cent in June. Moreover the favourite trusts for institutional investors (those with a North American content) tended to be the narrowest discounts but were not always the best performers in net asset value terms. Currently it looks as if investment trusts had a much better year, with winners like Claverhouse and Sphere leading towards investment in the U.K. These have achieved increases in total assets of more than 100 per cent, and there are many more which come close to that figure.

Good run

TURNING TO the offshore fund sector, a number of these had a good run last year, including old stagers like Ebor Channel Capital and Unicorn Australian Mineral. It is also nice to see that certain long-term records are looking very healthy, although there are a number of others at the bottom end of the scale with five-year losses—slavishly to the U.S. market throughout the period. Offshore funds had a very bad Press following the collapse of the Cannon Balanced and the two IOS empire but could be due

Bonuses

THE EARLY announcements from life companies this week are confirming the prospects for bonuses outlined last week. There have been modest increases in reversionary bonus rates of the order 20p-30p per cent, and some larger rises in terminal rates. An example of how investors have fared is seen in the current maturity value of a 25 year policy with the Scottish Widows' (which lifted both reversionary and terminal bonus rates) compared with a year ago—

	1974	1975
Sum Assured	£ 1,000	£ 1,000
Reversionary bonuses	1,464	1,406
Terminal bonus	419	257
Value	2,885	2,663

The increase of 8.3 per cent may look modest compared with a rise of 136 per cent in the All Share index last year. But since life companies give high investment guarantees and average out experience, it is by traditional life assurance standards a substantial improvement.

ERIC SHORT

A new trust for growth: Gartmore American Units.

FOR the investor who wants to diversify into an area of outstanding potential, this opening offer will be of key importance.

If you read the City pages and follow financial affairs you have probably had your eye on Wall Street for some time. And, we think, rightly so: partly because it is a sound business principle to diversify, and to spread into America is a logical application of this; and partly out of sheer interest. The American Stock Market is as large as all other Stock Markets put together; it cannot fail to be a fascinating study.

It is particularly pertinent at the present time. President Ford, after the recent Economic Summit conference at Rambouillet, which he said had "been a successful meeting in all respects," emphasised his "confidence in a sustained and full recovery from the deepest recession since the 1930s."

Leaving recession behind

WE BELIEVE that the prospect of a full recovery of the American economy is not 'round the corner'; it is here; and the forward movement rests on a basis of real and solid achievement. Individual months may show fluctuations, but the trend is clear.

It is time to view the American market not just as a spectator but as a participant; to assess the US economy in terms of investment strategy.

ITS PRE-EMINENT characteristic is a massive underlying strength—and this is not a matter only of size. What is more important, if less well-known, is the extent to which the US can be self-sufficient. In food, self-sufficiency is almost 100%; in energy it is 82%; and overseas trade is less than 10% of GNP. The US economy has an inherent, built-in viability; it is 'not beholden'. Once re-established on its path of growth, minor foreign disasters which could swamp a smaller, less independent economy could go almost unnoticed in America.

THIS is why the US economy has been called a 'world barometer'; and why the free world now looks to the US for leadership out of recession. INDICATIONS ARE that this will be forthcoming. Production is rising; unemployment is falling; industrial relations are good. Added to this—inflation is steadily declining: the authoritative Conference Board Record predicts a 6-7% inflation rate for the next 12 months.

MOREOVER, AS LONG as the US inflation rate remains below that of the UK, the dollar should appreciate against the £.

The problem: and the key

FOR THE private investor, acting alone, the US market presents many problems, difficulties and awkward questions. WHAT ARE the Treasury regulations? What must one do about currency control, the dollar premium, state and federal income tax, double taxation?

How do you find a broker? How do you know when to buy, to sell, how to exercise—even how to understand—stockholders' options? And so on.

IT IS WHEN you begin to study the practicalities that Gartmore American Units make such good sense. Your investment will not only have the spread

which prudence demands, but it will also have expert day-by-day management control. With over £70m. of Gartmore-managed funds already in the US, we can say we 'speak the language' with a certain effectiveness.

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Structure and purpose

THE PORTFOLIO of Gartmore American Trust will contain approximately fifty holdings. We will aim to seek out those shares which have the greatest growth prospects and there will be no particular emphasis on specific sectors.

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THE OTHER twenty-five per cent will be in stocks which are perhaps less well-known on this side of the Atlantic, but which we believe to have considerable growth potential.

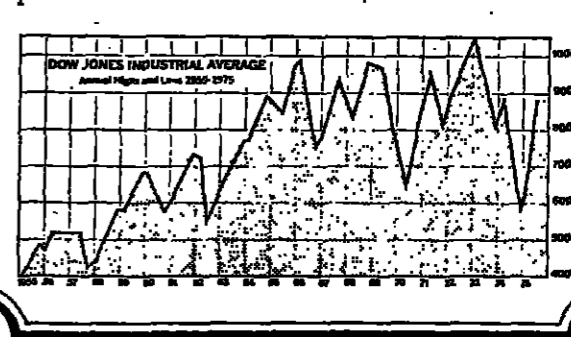
YOU SHOULD regard your investment in Gartmore American units as a long-term one.

THE PRICE OF Units and the income from them can go down as well as up.

Why we believe the time is right

MANY CONDITIONS exist which give rise to optimism for the American stock market in 1976. On the economic side there is the general recovery which began in the second half of 1975; in addition, the fact that 1976 is the Nation's bicentenary and a Presidential election year provides a political climate in which it is likely that every effort will be made to maintain this trend. In these circumstances, the main fear must be that the economic upturn will be too rapid, leading to another bout of inflation; however, the tight control on the increase of money supply exhibited recently suggests that the American Government is well aware of this danger, and is quite prepared to control it.

There has been no sustained long-term bull market in the United States for ten years, as the graph of the Dow Jones Industrial Index below shows. Conditions could now be right for a return to a long-term upward trend in share prices on Wall Street.



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Applications will not be acknowledged, but certificates will be forwarded by the Managers by 5th March, 1976.

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SURNAME (MR. MRS. MISS) _____

FIRST NAME(S) IN FULL _____

ADDRESS _____

SIGNATURE(S) _____ (If there are joint applicants all must sign and attach names and addresses separately.)

Finance and the family

Severing a joint tenancy

BY OUR LEGAL STAFF

In your reply under the heading C.T.T. and bad husbandry (November 29) you state "It may be possible to reduce the burden of C.T.T. for example if the present owners sever their joint tenancy and separately assign their equitable interests." As my uncle and aunt are connected persons for C.T.T. purposes would you not agree that in terms of loss to the donor the amount of tax payable could not be reduced?

There is, of course, a risk that the separate gifts might be attached as associated operations. However it is not necessary that they should be vulnerable in this way—hence our suggestion that proper professional advice be taken. An effective scheme might have to be more complex than the outline suggested. The essential feature is to ensure by severance that there are in fact two separate donors.

Joint bank account

Where a husband and wife have a joint bank account, is it correct that the survivor becomes sole owner of the balance on the death of one? Does it matter who put the money in? Is any relevant disposition needed in the will of the deceased, where there are mutual wills?

Your understanding is correct.

Joint and several guarantee

In my late father's business I and my two sisters as shareholders/directors had a third share each. The company is now being voluntarily wound up, and I had signed a joint and several guarantee with the bank together with one of my sisters, another relative, and the other director. I am now told by the trustee that the sister who had not signed the guarantee is nevertheless legally bound to repay her share of the bank loan.

Can the company or trust have a legal claim against her on the grounds that she

is a director and had been paid dividends? Also, I understand that any guarantor in a joint and several has the right to repay the whole of the debt to the bank, and hold the securities placed there by any of the other guarantors. Is that so? As matters stand, one of the signatories is supposed to be let off, and my sister who had not signed is supposed to be liable.

On the resume of the facts which you give it would appear that your sister who is not a guarantor is not liable to contribute towards the repayment of the loan. A director would

be liable to reimburse the company for losses caused by her misfeasance as a director, but not otherwise. A surety who pays off the principal liability usually is entitled to be subrogated to the creditor in respect of the security, that is, to stand in the shoes of the creditor who has been discharged. If one joint guarantor has been released, the whole debt will have gone and all the guarantors will benefit. However, if the arrangement with the one joint guarantor amounts only to an agreement not to sue her, the debt will still stand against the other guarantors (but not, of course, against the sister who is not a guarantor).

House resold to council

My mother was left by her sister a council house, which had to be offered back to the council at the price paid if sold within five years of purchase. The trustees of the will advised her to contest this, but after negotiating for about a year, she decided to comply with the condition and the council bought it back.

We are now faced with a claim for estate duty, on the "Crossman 1937" basis, on the grounds that the house was worth about four times the purchase price at the date of the sister's death. Is such a charge justified?

We do not think that the principle in the Crossman Case [1937] A.C. applies, as that

relates to shares in a private company. However, the rather complex provisions of Section 37 (5) of the Finance Act, 1969, which will probably apply. You should invite the trustees to consider that both parties should operate it in order to forestall a claim by the estate of the first to die (if that person was the donor) that the account was an administrative device and not intended to be a gift. This does not apply in your case: nor does the Revenue any longer have any interest in examining the provenance of a joint account as between spouses.

House left to three children

A house was left to my brother, now represented by his widow, my sister and myself. Does this mean that it now falls to my sister and me, or does my brother's estate take an interest?

If the property was in fact left to the three children without words which indicated severance (such as "in equal shares," or "equally") the whole property would now vest in you and your sister, but if words such as are indicated above were used there would be a tenancy in common, which means your brother's estate could take its share.

Compulsory purchase

In the case of a compulsory purchase order by a local authority, is interest payable on an advance payment? Could you please quote me any

authority for your reply?

Interest is not payable on the amount of the advance payment, except where possession has been taken by the acquiring authority before the payment is made—sub-section 52(10)(b) of the Land Compensation Act 1973. Interest will of course be payable on the balance, over the advance payment (if any) in the usual way, namely, from the date of assessment or the taking of possession (if earlier). If possession was taken before the advance payment is made, interest is payable on the amount of that payment from the date of possession to the date of payment but not thereafter. Section 32 of the Land Compensation Act 1961 and 18 and 52 of the Land Compensation Act 1973 and 11 of the Compulsory Purchase Act 1965 are the relevant statutory authorities.

Resiting a cable

A telephone cable which traverses the roof of our bungalow in which I have lived for a year, sagged onto it. The Post Office soon put it right, but I would like to know what I can do, and what is the legal position?

You should negotiate with the Post Office. The Post Office only has powers to require an easement over your property if the wires and posts are more than 10 yards from your bungalow. Within that distance it is only able to procure one by agreement. Even if the cable is at present authorised by an agreed easement, consent may be withdrawn or a change in ownership or occupation of the bungalow.

Loan or exchange

Anticipating the increase in VAT I went to buy a pair of X type speakers last April and put down the necessary money. Delivery failed to materialise, but I was told I could borrow some, and on my calling at the shop in May was given Y type speakers, valued at the time, at about £20 above X type, with

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

the comment "I have had your money so you may have these speakers." In November the dealer's representative called to take away the Y type and deliver the X type. I objected and did not hand the speakers back. If I take no action, do the Y type speakers belong to me? Should I offer the dealer £20 to retain them? If not, what is the least expensive way by which I could keep them?

Unfortunately the words used by the dealer, as quoted by you, are not entirely unambiguous. They could mean that he was letting you have Y speakers at the price of X speakers because he had your money so long; or they could mean that in view of his having had your money for a while he was lending you better speakers pending the arrival of those in fact ordered. We think that a Court is more likely to accept the latter interpretation and therefore to hold that the Y speakers do not belong to you. You would therefore not be entitled to retain them but would have to negotiate with the dealer if you no longer wish to have the X type. You may be able to do a deal for a further £20 or £30, but you would not be entitled as of right to require the Y speakers at less than the current market price.

Liabilities of a trustee

I am joint trustee with my sister of an estate of which my father is life tenant. Income from the estate is paid into a bank account operated by my sister, but I have been unable to persuade her to render a tax return. Would I be liable for unpaid tax? What do you suggest?

The liability for tax would fall as much upon you as on your sister, as you are fully liable in your capacity as trustee (you would of course have a claim to indemnity or contribution from your sister, but that would not affect your primary liability to the Revenue). If your sister will not co-operate you will have to seek the directions of the Court as to whether to bring an action for an account against her.

Insurance

Shopping around

BY JOHN PHILIP

AS I EXPLAINED last week, in the coming months of the new year, much of our personal insurance will cost more. Either our insurers will increase the premiums they charge—as many motor insurers are doing at the present time, and as the rest will do sooner rather than later—or we shall increase the premiums we pay by revaluing our insurances to cope with the ravages of inflation. On this latter aspect, particularly mentioned, household insurance—surely but there is just as much need to top up our life and health cover, to make certain that we and our dependants have adequate protection.

Having said this I accept that there are many people who feel that they cannot spend any more money on insurance, because the cash is just not available. The first question I would put to them is a simple, but fundamental—are they really unable to spend more, or have they got their priorities wrong? Allowing for the fact that there are many savers and many very occasional drinkers, the average family now spends well over £300 a year on tobacco and alcohol—and £300, allocated wisely can go a fair way towards providing the family with many of its basic insurance needs.

I must emphasise the wise allocation of available money. It is necessary to choose between insurers offering similar contracts: if you compare similar life and motor policies, there can be a price range of 50 per cent. or more from the cheapest to the dearest, though it does not follow that the cheapest is the best buy, because in insurance as elsewhere quality of service and long-term reliability are more often than not closely related to price.

It is necessary also to choose between different types of contracts—on the life side, for example, the wage earner with a family should concentrate on protection of dependants rather than investment with tax relief, and so buy one of the various kinds of term assurance that all life companies offer rather than the very expensive endowment assurances which the majority of policyholders go for, and which cost on average more than ten times as much as do term assurances.

Before laying out premium it is necessary to decide clearly why one is buying the insurance—what risks it is to cover, what financial protection it is to provide and for whom. For example, in the household sphere, some insurers offer "all risks" cover on contents, as distinct from the named perils cover that is provided by the many household package insurances that most of us have. The cost of the named perils cover ranges between 20 and 25 pence per cent., and is surely wide enough to provide insurance against all unacceptable domestic risks: so surely it is worth paying anything more (and certainly between a further 10 and 25 pence per cent.) to cover the risks of accidental loss or damage, not just of one's valuables, but of all household possessions? Remember that the rate per cent. has to be paid on the full value of the property insured, so that on a £4,000 policy the extra premium for "all risks" cover may be as much as £10.

Far more important in my view, is to find insurers—and who exist in increasing numbers—who provide new for old household cover, without deduction for wear and tear, on a whole range of consumer durables.

When claims arise, under these circumstances there is no argument over the cost of replacing like with like.

The motorist who wants to avoid paying perhaps another 40 per cent. or more for his car insurance in 1976 can of course get comparative quotations for similar cover from a number of other insurers—by careful selection he will almost certainly be able to find a cheaper market. Because not all insurers effect rating revisions at the same time the motorist can benefit immediately by moving to insurers who have now, so to speak, got behind in the premium leapfrog, and will not jump ahead until after his next premium is payable.

Against this immediate benefit must be balanced, for example, the intangible but nevertheless real goodwill that the motorist builds up with particular insurers by maintaining his cover with them for a number of years. Undoubtedly there is not so much sentiment nowadays in insurance for old-established customers as there used to be, but the fact remains

that there are many "areas" of damage repair claim where the established policyholder will probably get more consideration than the new transferee—for example, upon to make contribution the cost of replacing worn tyres, or an old battery, towards the cost of respraying. While the insurers' duty is to have the damaged car put in its pre-accident condition, must almost always be a matter of debate precisely as to what degree of improvement has been effected, and precise how much the policyholder should therefore pay himself.

While the majority of British motorists buy "comprehensive" insurance, insurers do so policies providing much cover, which of course mean lower premium.

A third party policy, which indemnifies the motorist against legal liability claims for injury and damage, costs around 50 pence of a fully "comprehensive" policy. So the motorist who is prepared to bear his own damage risk himself, even earning full no claims discount, at today's premiums, probably save himself a minimum of around £15 a year, and perhaps more, according to the type of car he has and where it is located.

Incidentally, such third party insurance can be coupled with legal expenses policy, so that the motorist has financial cover to enable him to claim compensation from any other motorist who causes him damage or injury: the combined cost of this party cover and legal expenses insurance will be less than the cost of "comprehensive" cover, but the motorist will have to bear both the expense of repairing damage to his own car and he sustains by fire or theft while he will be short of the extra cover—medical expenses, baggage, personal accident, even loss of use—that "comprehensive" policy can provide.

While the majority of motorists will, I think, continue to opt for "comprehensive" cover, there are a number of premium saving restrictions that can be arranged—for example a valuable accidental damage excess of £25 or more, or the driver limited to husband and wife—perhaps two named drivers.

Tennis

World rankings

BY JOHN BARRETT

ONCE AGAIN, as a new year begins, it is time to reflect upon the performances of the past 12 months as they affect the relative merits of the leading players. Ranking, of course, is an inexact science despite the increasing sophistication of the various computer lists being produced by the players' organisations and the U.S. Tennis Association. In an age when there are more and more events competing for the services of the leading performers, who for reasons of time and energy must inevitably be selective, there are fewer than ever occasions when all the contenders for world rankings are competing together.

Thus performances at Wimbledon and in the U.S. Open must carry most weight for at least almost all of them do play and conveniently, for the sake of fairness, one is now played on fast grass and the other on slow clay. Additionally the prestige attached to these two championships has the effect of exerting a special pressure—like trips to the Olympics—of having to produce a top performance on the day.

Below that one must consider the results in the arduous World Championship of Tennis circuit which has its own pressures of points and cash, the other major international championships and the Commercial Union Masters which is an exacting test coming as it does at the end of a long hard season.

The claims of Arthur Ashe to the top men's spot are unassailable. As champion of both WCT and Wimbledon he achieved his two major goals for 1975 and failed only through staleness at the Masters in Stockholm. His year's earnings of \$325,550 set another record and reflect the growing rewards in an increasingly commercial sport.

Second I must place the likeable little Spanish left-hander, Manuel Orantes. As winner of the U.S. Open as well as five other Grand Prix tournaments, and as a finalist in three more, he has produced a consistently high level of performance all year that few others can match.

The third places goes to the dynamic young Swede Bjorn Borg. After performing brilliantly in the WCT finals where he lost narrowly to Ashe, he retained his French and U.S.



Sweden's Bjorn Borg: in No. 3 position after playing brilliantly in the WCT finals.

Professional titles and ended the year by leading Sweden to their historic first Davis Cup success. He was also runner-up to Ilie Nastase in the Masters.

Jimmy Connors could consider himself unlucky to be only fourth after a year of frustrating losses in so many important finals. The nightmare began in Australia in January where John Newcombe beat him, continued at Wimbledon where Ashe out-generalised him, persisted at Forest Hills where he was teased by Orantes and even lasted into the autumn with losses to Eddie Dibbs in the Dewar Cup in London and to Adriano Panatta of Italy in the Stockholm Open.

Nevertheless, he ended the year at the top of the Association of Tennis Professionals' computer rankings with an average of 42.72 points from 18 tournaments.

Nastase's tremendous performance in Stockholm that won him a fourth Masters title in five years established him in fifth place after a stormy year in which he was disqualified three times. Although he reached the quarter-finals or beyond in 14 of the 16 Grand Prix tournaments he contested, he could win only one of them—at South Orange in August.

The women's list is easier to compile. There is little doubt about the first five places. Although Chris Evert lost her Wimbledon title to Billie Jean King she was outstanding elsewhere. She won 16 of the 22 tournaments she played and remained unbeaten on clay courts all year.

Education

Cart before the horse

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

Adduce the equine quadruped to element aquatic. Insurgition, it is said, must still be automatic. THIS VERSE, which I have heard attributed to Dr. Johnson, shows how the plain meaning of an everyday saying can be confused by translating it into other terms. But the verse makes far less of a dog's dinner of "You can lead a horse to water, but you cannot make it drink" than this country's educators are making in their attempts to translate the same maxim into action.

The other day, for instance, I sat among a hundred or more teachers' union members in London, listening to a speech by Mr. Dave Logan of the Trades Union Congress's education department. When he finished many in the audience threw their caps in the air.

The enthusiastic reception given to Mr. Logan's speech somewhat puzzled me. My impression was that during his course he had contradicted virtually everything he said.

For example, he attacked employers for complaining—with justification—that our schools turn out far too many youngsters who are illiterate and non-numerate. Schools should not be put under such external pressure, Mr. Logan declared. There were good reasons why people did not learn to read, write and do arithmetic at school.

But he also said the TUC wanted schools to do much more by way of preparing children for responsible citizenship.

Surely this wish by the TUC is the same sort of external pressure on schools that the speaker criticised employers for applying? And how can schools possibly prepare young people for citizenship if they do not teach them the three R's?

Mr. Logan appeared to change his ground so often that I felt the explanation might be that his speech was made up of three different elements. So I planned to stand up later and ask him to clarify which sentences were designed to please teachers' unions; which to conform with the TUC's habitually flexible (to say the least) intellectual stance; and which to express what he really thought. But I never did find out the answer, because I decided that asking the question would be too risky in view

of the audience's enthusiastic reaction. The reason for the applause, however, no longer puzzles me. On reflection, it obviously lay in what seemed to be the speech's only consistent theme. This was that the TUC is determined that "the next important educational advance" must be the compulsory day-release of young workers to attend educational and training courses.



Since at least 1944, Mr. Logan said, the TUC had believed that every worker in the 16- to 18-years-old age group should have an annual entitlement of 44 working days to be spent at college. And the time for this belief to be put into force is the present. To this end the TUC would soon be calling on the Government to produce legislation, and if that failed, it was thinking of asking member unions to demand day release for young workers as part of the 1978 round of collective bargaining with employers.

To be sure, the speaker continued, some of the youngsters might think they did not want to spend any more time in educational institutions. But that was the kind of problem that is best left to be sorted out over time. The urgent need was for action. The TUC believed that it should be compulsory not only for employers to release their workers, but also for the workers actually to attend the courses chosen.

The audience obviously believed so too. Which brings us back to "You can lead a horse to water, but you cannot make it drink."

Apparently Mr. Logan, most of his audience, and many others in the education system

feel that the maxim does not apply in the case of forcing teenagers to attend college courses.

Apparently also to judge by their readiness to endorse "free choice" methods of schooling—they feel that the maxim does apply in the case of educating the five- to 11-year-old children in the country's primary schools.

Surely these educational

doing it, and they will probably explain that it is against the best interests of enlightened society to make five- to 11-year-olds learn to read, write and number when they are opposed to doing so. But I doubt that the same people could then explain why it is in the best interests of enlightened society to make 16- to 18-year-olds attend college courses when they are not only opposed to it, but big enough to refuse to be taught anything.

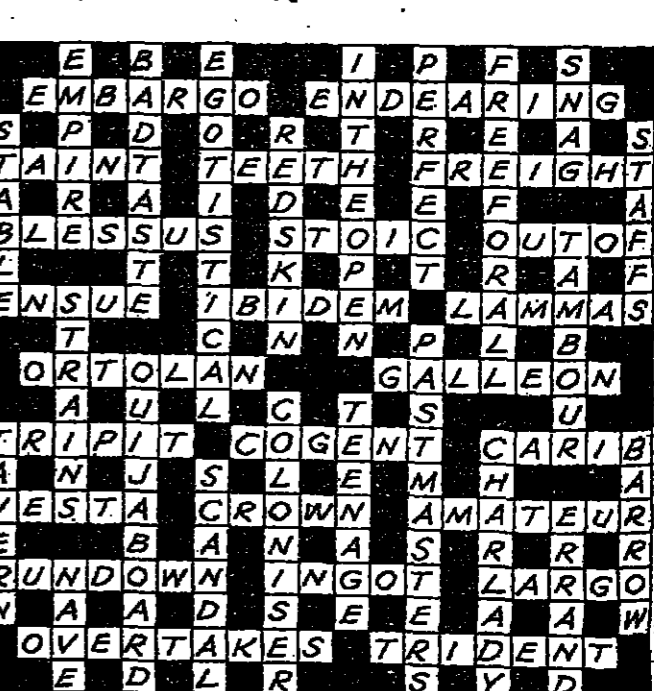
So I must conclude that educational logic as such has nothing to do with the TUC spokesman's counterbalancing a denunciation of external pressure on schools to teach basic skills, with a demand for compulsory day-release. The only coherent explanation for the existence of this combination of points in the TUC's education policy is that it is thought to serve the interests of the trade union movement.

In particular, it pleases the teachers' unions, and colleges whose finances depend heavily on how many students they enrol. And the unions in general would certainly not be distressed by the fact that compulsory day-release implies a need for larger work-forces.

The only pity is that, as far as I can see, the same combination is against the interests of the nation's youth.

X-Word winners

Mrs. Ida Allen, 46, High Street, Cullompton, Devon.
Mr. A. G. Botten, 28, Green Walk, Dartford, Kent DA1 4JL
Mrs. E. Clayton, Wildwoods, Thwaite Brow, Bolton-le-Sand, Carnforth.
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Mrs. E. M. Liversidge, 9, Milner Avenue, Thornhill, Wakefield, Yorkshire WF2 8QH.



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JEI 11/15/76

How to spend it

by Lucia van der Post

With the coldest months of winter still to come, perhaps it is time to

Consider a Fur

IT DOESN'T seem, perhaps, the best of times to write about fur. After all, times are hard, are they not, and it's after Christmas that things usually seem bleaker and harder than ever. However, I've decided to write about fur not just to be contrary but because for those who can raise the money to buy one, now, according to the experts, is as good a moment as they are likely to see for some time to come.

Historically, fur, and in particular that blue chip, mink, has fared well as of function heater. Whereas just after the last war a mink coat would sell for about £3,000 to-day a similar one sells for about £1,500. The arrival of mink breeding has largely been responsible for bringing prices down so dramatically. In fact over-production of mink led to a slump in prices a few years ago and though prices have now inevitably risen a good fur coat is still one of the most enduring things to have in your wardrobe.

It may not be an investment in the way that diamonds or kruggerands are—in that you will never be able to sell it for more than you paid for it—in terms of the pleasure, the warmth and the value for money, it is an investment in the best sense of the word.

If you take care to buy a good fur it should go on year after year and if you do get bored with it you can have it restyled for between £100 and £200, or you could even have it dyed.

When finally it's really past its prime it can be made into a lining for a raincoat, thus turning an everyday garment into a truly glamorous one. Not only is it glamorous—it's very warm and practical.

Finding your way round the price structure of fur isn't easy. The last Budget added VAT of 25 per cent. to all furs, except mink and sheepskin which still carry the old rate of 8 per cent. Any garment carrying fur trimmings would also be subject to the 25 per cent. VAT rate if the value of the trimmings is greater than that of the rest of the coat or if the fur constitutes more than a fifth of the area of the garment.

Choosing a fur, like any other major buy, requires a bit of work. You should take time to choose a good furrier. Don't be put off by grand names—they are quite used to people coming in, telling them how much they've got to spend and then advising them on the best buy in their price range.

With fur, as with everything else, you mainly get what you pay for. Nearly all skins are bought abroad and at the moment several furriers still have furs made from skins bought before the pound began to drop so disastrously. This is one reason why furs are

thought to be a good buy at the moment. Secondly, a good fur coat is largely handmade and labour costs do not seem likely to fall.

The price of a fur is naturally affected by the quality of the skin and this is dependent on many factors like the density, softness, sheen and colour. Many of these are not easy for the amateur to detect and so make yet another reason for going to a good furrier whom you can trust.

Stranded minks are more expensive than flat or block-worked mink skins from the female are more expensive than those from the male.

When it comes to choosing a specific fur all the experts my assistant, Patricia Wright, spoke to, were unanimous. Whatever sum of money you have to spend use it to buy a good quality fur of its sort—much better a really good quality musquash than a poor quality mink.

For most of us it is important to know which furs are hard-wearing and which are not. Raccoon and Wolf are much the most hard-wearing of the long-haired furs. Fox is less so and among the less expensive furs Musquash is a good hard-wearing choice. "Persian Paw" (which is pieces of Persian lamb taken from the paw) is practical

because being pieces rather than skins those bits that become worn can be easily repaired.

For those who want glamour with a lower price many furriers nowadays make coats and jackets from a combination of fur and leather panels. The leather panels help to keep prices down, give a slimming effect for those who need to worry about such things (furs like fox, for instance, can be very enlarging for those who are less than sylph-like). The saving in price can be quite extensive as, for example, one furrier quoted a full-length fox coat with leather panels selling for £265, whereas if wholly in fox it would be £1,400.

At the National Fur Company (sale already on at 193, 195, Brompton Road, London, S.W.3), they have ranch mink coats reduced in price from £1,665 to £1,295, whereas when worked with leather panels the price was £798 reduced to £449 and when worked with suede panels the reduction is from £885 to £495.

Many furriers recommend a jacket as being the most practical fur of all. In particular Konrad Furs have a style with a tie-belt which can unbuckle leaving a half belt at the back

so that it is equally suitable for day or evening wear.

Full-length coats can be made with detachable bottoms so that they can be worn at either mid or maxi length.

As for prices, it is difficult to give clear-cut advice. At the moment the sales are either on or about to start and everybody seems agreed that it is a very good time to buy a fur. Maxwell Croft, of 105, New Bond Street, London, W.1, which is a very fashion-conscious furrier, likes to have a clean start each year, so they will be offering very good reductions from January 12. The furs are very high quality but may be a size or a style that for some reason hasn't sold—if it suits you and you really like it, it's a very good buy.

For those who don't need too robust a fur he has in particular a full-length calfskin coat trimmed with fox which has been reduced from £475 to £250.

Harrods (whose sale starts on January 10th) also seem to have some very good buys—there is one dark ranch mink coat reduced from £1,600 to £500, a blue Fox coat from £1,500 down to £750 and a dyed musquash black coat down from £495 to £385.

For those who are seriously considering buying a fur the British Fur Trade Association has brought out a new edition of "Fascination of Fur," a booklet which they will send free of charge (but please enclose a stamped addressed A4 envelope) to readers wanting to know more about fur. It gives advice on what to look for when buying a fur coat, how to treat a fur coat, hints on wearing qualities and a list of furriers subscribing to the Association. Write to them at: British Fur Trade Association, 68, Upper Thames Street, London, EC4.



● The combination of the most luxurious of furs, Saga Mink, with the most casual of styles, the duffie, is particularly engaging. The jacket was designed by Antony Kwok from the Chelsea School of Art and it won him first prize in the Seventh Saga Mink Design Competition. In Saga Mink the jacket costs £680 (excl. of VAT) but in musquash it would be about £280 (again excl. of VAT). Available from K. West, 21, Heddon Street, London, W.1.

How will your fur wear?

Long Haired	Medium Furs	Flat Furs
Very hardwearing:		
S. American Skunk	Beaver	Pony (pony)
N. American skunk	Seal Lamb	Hairsal
Raccoon	Mink	
Hardwearing:		
Baum Marten	Nutria	Persian Lamb
Stone Marten	Musquash	(heavier skins)
Wolf	Kolinsky	Calfskin
Medium to delicate:		
Fox	Marmot	Kidskin
Lynx	Coney	Mole
		Broadtail

For those readers still struggling with our Quiz (from the issue of December 27... three prizes of three bottles of champagne to be won!) we have to report a small error in one of the questions. In question No. 12, labelled Word Search, in the top line of letters, the 7th letter from the left should be a D and not a K. Those who have already submitted entries have spotted the error for themselves and it doesn't seem to have ruffled their plombed one bit. Those who were in doubt might like to alter the letter on their copy of the page now.

● A stylish and very warm jacket in grey and brown racoon with toning brown leather panels; £650 to order from Konrad Furs, 12, South Molton Street, London, W.1.



● For the really rich set, when you've already got your classic mink, here is a totally enchanting and mink jacket in grey and white. It was on sale at £810 but has now been reduced to £299 in the sale. Available from the National Fur Company, 193-195, Brompton Road, London, S.W.3.

WHAT is really happening to those on small fixed incomes in the midst of this economic crisis? It is those sort of people who feel the crunch—the elderly but the elderly have no margin to spare and the middle-aged, single, who thought their savings would just see them through in homes they could just afford, as well as those who are dependent on the badly-paid professions.

There is a network of organisations which exist as a safety net for the hard-pressed but they are rightly concerned to keep their clients' confidences and it is not easy to obtain details of help given.

Perhaps the most comprehensive of the organisations and one of the oldest is the Professional Classes Aid Council, which exists to help members of the professions and their dependants. The PCAC mobilises all possible statutory help and all allowable additions from the appropriate benevolent associations and then, if necessary or if the applicant does not qualify for some allowance, the PCAC provides what is necessary to bridge the gap.

Often, as its Council says, it is advice that is most needed. It may be necessary to approach six or more charities to obtain grants from them and to administer them. The broad rules laid down for the Department of Health and Social Security are not unkindly administered but they cannot take account of individual problems nor cater for more than the allowable necessities.

Anyone who is having a tough time should get, from their

nearest DHSS office, the current booklet on Family Benefits which covers the long list of allowances obtainable, ranging from rates rebates to hospital attendance and what services are available through local authorities. There are no "typical cases" but those helped by PCAC and what happened to Mrs. L. of a surveyor, shows how urgent needs can be met.

Then there was Mrs. L. suddenly widowed and left with a minimal income and a son of 16, just taking his A-levels on a part-time job but even then, when she got a paid job, though poorly paid, and refused her son's offer to leave school and start earning.

To the PCAC she wrote: "I'm finding it increasingly difficult to make ends meet, the cost of living goes up and up and clothes a large overdrift at the end of every month. His wife goes out so little to offer that they to work but it was the Friends of the Clergy Corporation that helped him out of his long list of beneficiaries. In these days the most unexpected people are unexpectedly hard up and again and again the description "gentle-folk" occurs in the titles of organisations I try to seek help from. It is so easy to help people in need but it is so difficult to get to them. I am putting to most but is really used to cover those with needs.

For my son are so expensive... that the existing State allowances The Education Committee of the Council made her son a clothing grant and a pocket-money allowance. When the good news came Mrs. L. had done well in his A United Kingdom Benevolent Association exists to provide annuities and other help for those in need. They also run residential homes and they can do give immediate grants well-paid even after a recent loss of their stipends. It is to help those who want to remain in their own homes and feel two major and several smaller ones concerned to help them. So, RUKBA is friendly and for example a vice of 43, with a family of five children and a large vicarage to maintain, faced a nightmare of unpaid bills and of the badly-off to-day live, com-

Help for those in need

Post Christmas is traditionally the time when money is shortest. At this time of year, under present conditions of raging inflation, increasing numbers of fixed income middle-class are struggling with ends that never meet... Advice and help are urgently needed by many who just do not know where to look for either and who resist disclosing their financial difficulties after a lifetime of self-reliance. This is a practical piece, giving addresses and information.

Mrs. H. was battling to keep her home for her children, caring for her husband's terminal illness in hospital. She had a part-time job but even then, when she got a paid job, though poorly paid, and refused her son's offer to leave school and start earning. To the PCAC she wrote: "I'm finding it increasingly difficult to make ends meet, the cost of living goes up and up and clothes a large overdrift at the end of every month. His wife goes out so little to offer that they to work but it was the Friends of the Clergy Corporation that helped him out of his long list of beneficiaries. In these days the most unexpected people are unexpectedly hard up and again and again the description "gentle-folk" occurs in the titles of organisations I try to seek help from. It is so easy to help people in need but it is so difficult to get to them. I am putting to most but is really used to cover those with needs.

Meet 'Tinlizzie'

EVER since I wrote a couple of years ago about the charming but rather elaborate stoves that Rose Gray and David McIlwaine were importing from France, it has become clear that the potential interest in stoves using use 4 to 5 medium size logs or ordinary wood was enormous. Readers wrote in from their fastnesses in the Scottish Highlands, the Irish hinterland, the hills of Wales, wanting to know where and how they could find a simple version of such a stove.

Well, all those readers, if they haven't yet found the answer, might like to meet the "Tinlizzie". Tinlizzie has been designed and made by David McIlwaine himself who still imports the French stoves, but wanted as well to produce the simplest, cheapest possible wood burning stove.

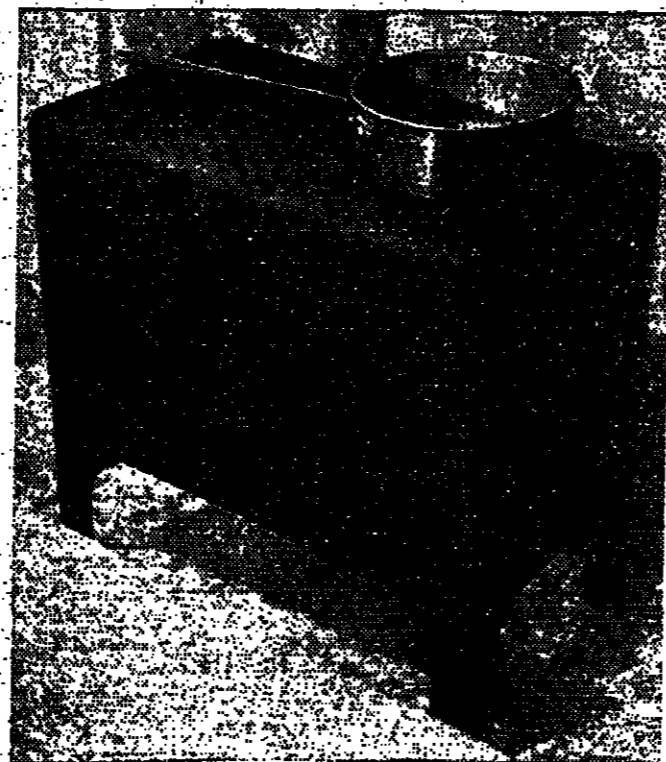
The "Tinlizzie" burns wood of all kinds, including those that like Elm, are difficult to burn in a conventional open fire.

The "Tinlizzie" measures 17½ inches by 24 inches by 11 inches and according to the supplier produces up to 6 KW, but rather elaborate stoves that of heat which is enough to warm a room of 24 feet by 15 feet. It was burning at full-stretch for all 24 hours of the day it would use 4 to 5 medium size logs or ordinary wood about 26 lbs of timber.

The stove can also be used for cooking as there are two removable hot plates. Made of re-fused steel which doesn't absorb heat it is more efficient at dispersing the heat. The stove arrives ready-built and is installed by fitting the flue pipe into an existing chimney or stove pipe extension. It is supplied by Hugh Sharman, C.T. Ltd., 143, Maple Road, Surbiton, Surrey, who will organise the installation for those within a reasonable distance of Surbiton.

For those living further afield he will send the stoves by BRS but buyers will have to arrange for a local firm to do the installation.

The stoves cost £24.50, including VAT.



Are your visitors better-informed than your staff?

Many companies very sensibly have a copy of the Financial Times in reception for visitors. But are your senior executives so fortunate?

They are the people who need up-to-date intelligence on every aspect of business—not just in their own specialised field.

And by making sure they each receive their own FT every morning you'll be making an important contribution to your own business efficiency.

In these competitive times everyone in business needs the Financial Times

List of addresses

- The Professional Classes' Aid Council
10 St Christopher's Place
London W1M 6HY (01-935 0541)
- The National Benevolent Institution
61 Baywater Road
London W2 (01-723 0021)
- RUKBA (Royal United Kingdom Benevolent Association)
6 Avenue Road, London, W.14. (01-602 6274)
- Distressed Gentlefolk's Aid Association
Vicarage Gate House
Vicarage Gate
Kensington London W8 4AQ (01-229 9341)
- Corporation Of The Sons Of The Clergy
1 Dean Trench Street
London SW1P 3HE
- Friends Of The Clergy Corporation
27 Medway Street
Westminster London SW1P 2BD (01-222 2285)
- Royal Medical Benevolent Fund
24 King's Road
Wimbledon SW19
- The Country Gentleman's Association
Icknield Way West
Letchworth Herts SG4 4AP

Joan Woolcombe

HOME NEWS

Signs of recovery in chemical industry output

By Rhys David, Chemicals Correspondent

CHEMICAL output in the U.K. staged a small recovery in the third quarter of last year from the very depressed levels of the previous three months—a sign that destocking by the industry may have come to an end.

According to figures published in Trade and Industry, the official Government publication, output rose by 3 per cent, from 112.5 to 115.7 (1970 = 100). This is still some 12.3 per cent down on the peak output figure of 131.7 in the third quarter of 1974, though in the third quarter of 1974, however, and with no further substantial recovery likely during the rest of the year, output for 1975 as a whole is expected to be down some 10 per cent over last year.

The latest figures do offer some other encouraging signs, however, including evidence that exports remain substantially ahead of imports at a time when

the volume of both has been running at reduced levels. A continued recovery in investment during the year is also apparent.

Exports in the first three quarters of the year were 18 per cent down by value with the third quarter figure of £522.7m. down substantially on the £668.5m. in the previous three months. But imports over the first three quarters are 26 per cent below the same period in 1974, though in the third quarter imports actually recovered to £354m. from the £345m. figure of the second quarter. The rise in imports is probably a further reflection of restocking by U.K. manufacturers.

Capital expenditure which was at a depressed level for much of 1974 has continued to recover throughout 1975, climbing to more than £147m. in the second

quarter against only £80m. in the same quarter of 1974. In the first half of 1975 investment was up 16 per cent on the same period of 1974 and according to Trade and Industry there was a further substantial increase during the third quarter.

More disturbing for the industry is a further rise in prices of materials and fuels in the third quarter of around 3 per cent compared with the previous quarter. At the same time as a result of depressed market conditions the rate of increase in the industry's prices slowed down. Employment in the industry rose by 800 between June and September this year to bring the total to 428,000, but this remains 14,000 fewer than at the same time last year. Trade and Industry also suggests that the trend may have been downward again in recent months.

Benn for Mid-East oil talks

By Philip Rawstorne

MR. Anthony Wedgwood Benn, Secretary for Energy, is to visit Iran and Saudi Arabia next week for the first of a series of talks with Ministers in leading oil-producing countries following the recent Paris energy conference.

He intends to investigate the possibilities for co-operation between the new British National Oil Corporation and

State-owned companies in the Middle East.

Mr. Benn will also explore the opportunities for increasing British exports of technical equipment for the oil industry and for the development of nuclear energy programmes in which several of the Arab oil States are now interested.

Mr. Benn flies to Tehran on

Monday and is due to meet the Iranian Prime Minister and other Ministers and possibly have an audience with the Shah before going on to Saudi Arabia.

He will return to London for the resumption of the parliamentary session on January 12 and is expected to visit other Arab States, the U.S. and South America later this year.

U.K. Provident ends surrender guarantee

By Eric Short

THE UNITED KINGDOM Provident, a British life company, has announced that it will no longer guarantee surrender values on its new life policies from January 1.

The surrender value on a traditional life contract is the amount that the company is prepared to pay investors who cash their policy before maturity. Life company actuaries in general periodically adjust their basis of surrender calculation to allow for interest rates and expense levels. There was a wholesale marking down of surrender values in the wake of the 1974 rise in interest rates.

Because of this linking of surrender values to current interest rates, U.K. actuaries have been reluctant to guarantee surrender values for all life contracts.

Until now, the U.K. Provident was the only British life company to do this and print the guaranteed value on the policy document, although all the Canadian life companies guarantee surrender values as a matter of course for their U.K. business.

U.K. Provident says it has not changed its basis of calculation for surrender values and the position of all existing business is unaltered, but has followed other life companies in not giving a general guarantee.

Many life companies, in recent years, have marketed a flexible endorsement policy which in effect does guarantee surrender values after 10 years. But life company actuaries have adopted very cautious assumptions in their calculations for these contracts.

Record £2.5bn. capital issues

By Our City Staff

GROSS U.K. capital issues totalled a record £2,537.7m. in 1975 compared with £2,448.2m. in 1974 and the previous record of £1,674.9m. in 1972, according to the Bank of England yesterday.

Of this total, listed public companies accounted for a net £1,402.2m.

A breakdown of borrowing by listed U.K. public companies shows that insurance companies raised £238m., banks £53.9m., and special finance agencies £36.3m. Industrial and commercial companies raised £1,024.9m., of which manufacturing industry accounted for £686m., property companies £72.3m., distributive trades £82.7m., and public utilities, transport and communications £55.9m.

Film spectaculars back at the top

By Arthur Sandles

THE big-budget cinema spectacular clearly won back dominance in audience popularity in 1975.

The top three films in British cinemas last year were *The Towering Inferno*, *The Exorcist* and *The Man With the Golden Gun*—all of them multi-million productions.

Figures produced by the magazine *Screen International* show that six in ten retreat to a major box office draw. Of the top 20, only two pictures, *Emmanuelle* and *Conversations with a Window Cleaner*, were overtaken in presentation.

EMI continued its success in the film-making stakes with three pictures in the top 20, *Murder on the Orient Express* being the big money-spinner. Rank had a major stake in one of the pictures, the *Four Musketeers*.

But the big talking-point of the cinema at the moment remains the film *Jaws*—top of the American lists for 1975. Already in Britain, it has

U.K. FILM TOP TEN		
	Cert.	Origin
1 <i>Towering Inferno</i>	A	U.S.
2 <i>The Exorcist</i>	X	U.S.
3 <i>The Man With the Golden Gun</i>	A	U.K.
4 <i>Emmanuelle</i>	X	France
5 <i>Conversations with a Window Cleaner</i>	A	U.S.
6 <i>Airport '75</i>	A	U.S.
7 <i>Murder on the Orient Express</i>	AA	U.S.
8 <i>Papillon</i>	AA	U.S.
9 <i>Starburst</i>	AA	U.K.
10 <i>Island at the Top of the World</i>	U	U.S.

Source: Screen International.

BBC newsmen postpone one-day stoppages

By Roy Rogers, Labour Correspondent

JOURNALISTS employed on BBC news and current affairs programmes decided yesterday to postpone a threatened series of weekly one-day stoppages pending a meeting between management and officials of the National Union of Journalists.

A meeting of chapel (office branch) officials was convened yesterday to consider what action should follow last Monday's successful 24-hour strike over pay for working unsocial hours. But the decision to "hold off" industrial action at least until January 16 was made after NUJ officials heard that the BBC was prepared to reply to their claim earlier than expected.

The two sides met the

Advisory, Conciliation and Arbitration Service on New Year's Eve and since then the BBC has offered to reply to the union's demand four days earlier than the January 20 date originally proposed.

Mr. Tim Fell, the NUJ's broadcasting officer, said last night that in the light of the BBC's move, the chapel officials had until after January 16, but he warned they were still prepared to take industrial action if the BBC does not meet the claim, which is for the present £400 a year top rate of unsocial hours payment to be extended to all 720 BBC journalists, the majority of whom are on a lower £294 rate.

Burton land as supermarket

BURTON GROUP is seeking planning consent to sell ground used as sports pitches on its Hudson Road, Leeds, site for a supermarket development.

It is also asking for permission to let an office at present restricted to Burton use.

Both moves are designed to improve profitability at the 42-acre site which includes a production plant, one of the largest clothing units in Europe. This is now reduced to 300,000 square feet, but last year the menswear manufacturing side showed continued losses of £704,000.

The supermarket scheme would, with planning consent, involve Burton selling a six-acre site to the Leeds Industrial Co-operative Society to build a 50,000 square feet supermarket.

In a separate application, Burton is seeking to remove a clause restricting occupation of an 82,000 square foot office block to its own staff.

If it obtains this consent, it will move 400 staff from the block into part of the factory space vacated through productivity increases.

SE disputes share issue claim

By Michael Lafferty, City Staff

THE Stock Exchange has expressed its "grave reservations" about the claim in the book *Company Finance in Europe* that the German and French stock exchanges provide more new capital in a year for industry than does the London market for U.K. industry.

The Stock Exchange points out that the book uses OECD figures giving the total of funds raised in the U.K., France and Germany by issues of shares.

These figures, it says, are not comparable, because the U.K. figures relate only to funds raised by companies on the Stock Exchange, whereas the figures for Germany and France include share issues by unlisted companies.

The book criticises the U.K. capital market for its lack of success in allocating funds into the most productive investment opportunities.

The authors are also critical of the emphasis on short-term returns, mergers and takeovers, and property investment, which they claim has worked against long-term industrial investment.

Ryan hotel holding to change hands

By Stewart Fleming

A CONSORTIUM of investors and the Investment Bank of Ireland. The holdings they are buying are 68,236 Ordinary shares, 648,583 participating Preference shares, and 2.2m. deferred Ordinary shares.

The consortium and the Ryan interests have agreed that invitations to join the Board of the company should go to Mr. Michael O'Neil, deputy chief executive of Aer Lingus, and Mr. John Donovan, former chairman and chief executive of Esso Teoranta, and that Mr. Conner McCarthy will become non-executive chairman. Mr. Robert J. Power, who resigned last November as managing director of Swan Ryan, will be appointed deputy chief executive, and Mr. Philip J. Murphy, the financial director, will be appointed deputy chief executive.

Mr. Ryan, the founder and chairman of the company since 1970, has a turnover of some £10m. He announced last year that he intended to retire from the business which he started 25 years ago with a car rental company.

He said yesterday that the companies buying his and his family's shares for £200,000 had the financial strength to back up the group which he on his own did not have. He pointed out that financing the bond for the tour company was a constant annual problem.

In addition to Aer Lingus and the Norwegian Union the consortium includes Hammond Holdings, Irish Life Assurance,

Capel-Cure closes HK branch

FINANCIAL TIMES REPORTER

STOCKBROKERS Capel-Cure of whom were secretarial. Myers' office in Sydney was closed some time ago.

This latest move apparently reflects the Capel-Cure Myers office was not unprofitable, the investment climate is likely to remain both cyclical and unexciting.

Capel-Cure has closed its Hong Kong branch. Clients with interests in that market will now have their accounts serviced by the main London office.

The branch, which was opened by Myers before it merged with Capel-Cure in October 1974, employed only five people, three

London seen as arbitration centre

By A. H. Hermann

A NEW DRIVE to promote London as a centre for international arbitration was promised by the London Chamber of Commerce and Industry yesterday. It is connected with the takeover of the London Court of Arbitration by the Institute of Arbitrators.

The operation of the court and of the institute will be in the future supervised by a joint committee of management with equal representation of the City of London Corporation, the Institute, and the Chamber.

The court established originally in 1892, contributes to the joint venture mainly its name and the respect it enjoys at home and overseas—recently it has been handling only about 50 arbitrations annually. By contrast, the institute, founded in

1915, dealt with about 2,000 disputes in the past year.

To help further expansion, it has been agreed to simplify the rules of the court, and to strengthen links with specialist arbitration bodies such as the London Maritime Arbitrators and

The Institute is taking over the entire financial and administrative side of the court's business, and the secretary of the Institute of Arbitrators will in the future act as secretary to the court and be responsible for the implementation of its decisions where appropriate. The court will have no staff and no banking account of its own.

Other Home News on Page 21

Commodity Associations. The main task of the court should be the promotion of "London Arbitration" and it should be helped in this by a new information centre covering matters of arbitration and conciliation at home and overseas.

The new composition of the court will be six representatives each from the Corporation of London, the London Chamber of Commerce and the Institute of Arbitrators. The chairmanship will rotate between the three bodies annually.

Mr. Leslie Prince, a Common Councilman in the City has been appointed chairman, with Mr. E. W. Vigrass, as registrar.

A mood of quiet confidence continues to pervade Abbey Property Bonds.

Like most good investments, Abbey Property Bonds have had a pretty successful year.

The value of the units has increased by about 30%.

The question is: will 1976 be successful also?

Because if you're about to invest with us, the future is obviously more important than the past.

There are very good reasons to be optimistic, although it would be most unprofessional of anyone to predict another 30% rise, since this was magnified to some degree by the very poor results in 1974. That being said, almost all the conditions which gave rise to the growth of Abbey Property Bonds this year continue into 1976.

Let's go through them one by one.

THE DE-CONTROL OF BUSINESS RENTS

To a large extent the value of business properties depends on the rents they command.

And as you probably know, between November 1972 and March 1975 rents were frozen. This was one of the reasons for the fall in price of our units during 1974.

However, the government lifted rent restrictions earlier this year and the subsequent effect has been that the Fund's rental income has increased from £6.6m to £8.4m.

In 1976 the increase should be even greater as a significant proportion of our leases are coming up for review over the next twelve months.

LIFE COVER.
The bond automatically includes life assurance cover (see table in coupon). In the event of your death the amount payable will be either the current surrender value of your bond or the guaranteed value of the bond, whichever is the greater. The level of life cover and the number of units allocated to your bond will be reduced if withdrawals are made.

INVESTMENT.
The whole of your investment (into £500 securities accumulation units, at the prevailing unit price, in the Abbey Property Fund, The Fund Managers, the Investment Division of Abbey Life, Limited, 15, Abchurch Lane, London EC4N 3DF, England) is invested in a diversified portfolio of business and residential properties. The company's liability to Capital Gains Tax is allowed for in the unit price.

WITHDRAWALS.
Provided you make a single investment of at least £1,000 you may derive a regular income by withdrawing a set amount each year. Withdrawals of whatever frequency, begin 12 months after the bond is issued. Under current legislation the amount of the withdrawal does not exceed 5% of the original investment there will be no liability in any taxation at the time of withdrawal (see Personal Taxes). Withdrawals in excess of 5% may be withdrawn at any time, but the excess may be liable to the higher

CHARGES.
An initial charge of 5% plus a commission adjustment, is included in the offer price of the units. Thereafter there is an annual charge of three-quarters per cent of the value of the Fund. All costs, including buying, selling, managing and valuing the properties are met by the Fund.

PERSONAL TAXES.
With Abbey Property Bonds you have no personal liability to basic rate tax or Capital Gains Tax. Higher rate tax and investment income surcharges are payable at the time of these events.

COMPANY TAXES.
The rental income from the Fund's properties is re-invested in the Fund after paying tax at 37% to the special rate for life assurance companies. The company is also liable for Capital Gains Tax at 30%.

TRUSTEES.
Midland Bank Trust Company Limited, 15, Old Broad Street, London, E.C.2, are trustees in accordance with the requirements of the Department of Trade under the Insurance Companies Act 1974.

SEND THE COUPON.
You can apply for Abbey Property Bonds by attaching your cheque to the completed coupon. On acceptance of your application, we will send you your Bond, showing the number of accumulation units notionaly allocated to it at the offer price ruling on the day we receive your cheque in full. Every year, usually in November, we shall send you the Annual Report of the Fund, giving details of the Fund and its properties. Copies of the coupon request are available on request.

This rental income is retained by the Fund and, together with any capital appreciation, helps increase the value of our units.

OUR TENANTS

We think it's important to say something about our tenants, as their quality is as important to the Fund as is the quality of the properties themselves.

A quarter of our five hundred or so tenants are government bodies. Furthermore, we help house more than half the top hundred companies in the U.K.

It is they, besides the buildings themselves, that provide the essential stability a property fund needs for long term growth.

THE ADVANTAGE OF SIZE

The Abbey Property Fund stands at £180m. It is, and always has been the largest in the land. As a result it has been able to maintain a balanced portfolio of the best properties in the country.

It's not by accident that so many of our 200 office, shop and industrial properties are in the heart of the best business locations. Nor that our farms are situated in areas of prime agricultural land.

These top class properties, for which demand is highest, feel the full effect of any rise in market values.

Another factor edging up these values, is the rising cost of building materials and labour, which is pushing up the cost of

new developments. This influence is naturally increasing the value of existing investments.

A REGULAR INCOME

These, then, are the basic reasons why we are quietly confident about the Fund's prospects in 1976. Perhaps it would now be a good idea to tell you what you can get out of the Fund in return for your investment.

One of the features that most attracts people today is the tax-free income. If you make a single investment of £1,000 or more, you can take out 5% of your original investment each year free of any immediate liability to tax.

Thus, the value of units has only to increase by more than 5% for you to have capital growth, as well as an income.

In this respect, it might interest you to know that the value of units in the Abbey Property Fund has risen by more than 5% p.a. on average since 1967 even allowing for 1974 when virtually everything fell so badly including our own Fund which declined by 40%.

HOW TO INVEST

To purchase units in the Abbey Property Fund simply fill in the coupon below and return it with your cheque.

There is, by the way, a minimum investment of £250.

As the Fund is regularly revalued, units will be allocated at the unit offer price ruling on the day your application is received.

Abbey Property Bonds

For New Business Days (Bonds) ABBEY LIFE ASSURANCE COMPANY LIMITED,
P.O. Box 65, Abbey Life House, 15 St. Paul's Churchyard, London EC4P 4DX. Telephone: 01-248 9111.

I wish to invest £_____ in Abbey Property Bonds (any amount from £250 and I enclose a cheque for this amount payable to Abbey Life Assurance Company Limited).

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FINANCIAL TIMES SURVEY

Saturday January 3 1976

PORTFOLIO PLANNING

The increasingly harsh economic climate of the past few years has obliged the investor to lower his sights considerably, and to aim at capital security rather than growth. This Survey outlines the main avenues for the smaller investor, and the risks and rewards involved.

UNCERTAINTY IS a state of mind that few save natural gamblers enjoy, but it is something all of us have increasingly had to come to terms with. Nowhere is this more true than in the field of investment. One by one the cherished assumptions of the saver have been well and truly shattered.

The notion that gilt-edged securities were safe has been dispelled by the way that War Loan, for instance, has lost over 95 per cent. of its real value—since 1947. The proposition that equities provided protection against inflation grew shaky by 1970 and finally lost all credibility in the savage bear market of 1974.

The idea that property values could only go up—they weren't making land any more, you remember—was also removed from the fund of investment folklore by the financial shake-out of 1973 and 1974.

More recent fashionable beliefs among investors have bitten the dust even more quickly. A year ago, for instance, the trendy advice was to pad out your portfolio with cans of baked beans and Krugerrands. Alas, you would have done a lot better to go into boring old gilts or equities—especially the latter, which on average more than doubled in 1975.

And a year ago you might often have been advised to put your money in some overseas fund, nicely isolated from rampant U.K. inflation, and leaving

you well placed to profit from the dismal slide of the pound sterling. Wrong again. No overseas stock market has come anywhere near rivaling the performance of U.K. equities, even after taking currency factors into account.

What pretty well every investor now knows, usually to his cost, is that when it comes to investment the risks have been sharply raised and the rewards have usually been heavily reduced.

Mostly it goes back to inflation, which greatly increases the fluctuations in every market turning everybody into a speculator. And beneath the general volatility runs a longer term redistributive trend, which has sharply reduced the shares of profits, dividends and interest in the national income. This is the underlying malaise of the capital markets.

In the fifties and sixties the aim of portfolio management was often to seek capital growth, by participating through shares or property ownership in the expansion of the economy. But such a policy depends upon a buoyant trend of profits, and upon the assumption that the benefit of such higher earnings will filter through to shareholders.

In recent years these assumptions have not been justified. Not only have profits been held back by economic failures and by price controls, dividends too have been under continual restraint.

Meanwhile the alternative investment opportunities in the

field of fixed interest have been equally hard hit by accelerating inflation. During 1975 real cash at not far short of £2bn. a rates of interest became heavily negative, and only at the long end of the gilt-edged market is there any strong hope that interest, even before tax, will

be enough during 1976 to offset the ravages of currency depreciation. Perhaps the greatest paradox of 1975 has been that in the face of all these disincentives people have been saving on a greater scale than ever before. In the 1960s savings hovered consistently at around 8 per cent. of personal disposable income.

Since then the ratio has climbed steadily, reaching over 14 per cent. in the first quarter of 1975, since when it may have eased back a little. Cash has gone pouring into building societies at the rate of around £4bn. a year, and into long-term insurance contracts at

been heavy net sellers of company securities, at something over £1bn. a year, a trend which continues unchecked. And although people are still net buyers of unit trusts, the number of unit holdings has tended to shrink a little.

Looking at the population as a whole, it is clear that people have been biased towards liquidity and safety—or what they assume is safety, as embodied in the long-term savings institutions. And indeed all portfolio planning starts from the basis of initial spread of wealth and financial provisions—a house, and liquid funds, various

forms of basic life cover, and provisions for a pension. One major problem of inflation is that any surplus assets may be more and more needed simply to top up these basic requirements. So in general, people adopt

tion then faces the problem that not only is portfolio planning a difficult area, but it is also an unfamiliar one. His range of choice, moreover, grows ever wider. Investment opportunities now widely promoted include pro-

made progressively more necessary by the way questions of taxation loom so large in any management of personal wealth to-day. The independent saver has little chance on his own of hacking his way successfully through the jungle of investment income surcharges, capital gains tax, capital transfer tax and, perhaps one day soon, of "real" investment, as in wealth tax.

Yet it must be said that the quality of advice does vary; indeed, all "experts"—including financial journalists—have had their expertise devalued by the unpredictability of recent events. Many advisers speak with an element of vested interest—stockbrokers may be biased towards equities, for example, and insurance brokers towards life policies. The wise investor will still want to have some say in how his affairs are being handled.

The basic portfolio planning decision that the investor must make is the level of risk which he is willing to accept. In times of inflation all investments are risky, but at least it is possible to balance some of those risks within a portfolio.

One class of asset is linked to money—long-dated gilts, for instance. They could become almost worthless if inflation is rampant for long, but if inflation is wiped out there may be no better investment—for in those very limited conditions 3 per cent. Consols, say, remarkably little for the now at under £17 per cent. could move back to £100, and dated stocks with 12 or 13 per cent. coupons could soar to saver should seem attractive.

Another type of asset is linked, or so the investor hopes, to real assets. The connection may be fairly tenuous, as with gold coins and fine art. The other possibility is to stay liquid, although at most times this will involve an after-tax income well below the rate of inflation. In this sense there is a real penalty to be paid for liquidity, as well as the risk that it will be difficult to get right the timing of switching in and out of longer term assets. A lot of institutional fund managers found this out to their cost during 1974 and early 1975.

Those savers looking for the very lowest risk of all will be attracted to the National Savings index-linked schemes. The only danger here, perhaps, is that the Government is constantly tempted to fiddle with the retail price index. But the retirement savings and SAVE schemes are both very limited in scope. And it conditions 2½ per cent. consols, say, remarkably little for the now at under £17 per cent. could move back to £100, and dated stocks with 12 or 13 per cent. coupons could soar to saver should seem attractive.

There is no shortage of potential advice. Apart from local professionals like accountants, insurance brokers and solicitors, many banks have established financial planning operations. Then there is a variety of independent money managers and, of course, the stock-broking fraternity. Professional advice has been

quite early in life. More typically, it arises towards retirement age, when endowment policies may be maturing, when pension rights may be partly taken in the form of a lump sum, and when moves to smaller houses and cheaper districts may be shaking out surplus capital. The investor in such a posi-

tion then faces the problem that not only is portfolio planning a difficult area, but it is also an unfamiliar one. His range of choice, moreover, grows ever wider. Investment opportunities now widely promoted include pro-

Caution the watchword in today's markets

By Barry Riley

How Save & Prosper can help you make better use of your capital.

Investments are usually acquired over a period of many years and naturally reflect your requirements at the time of purchase.

But times change—the economic climate and financial conditions as well as your own personal circumstances. As a result your investments may not adequately meet your present needs.

In this situation it makes real sense to re-assess your investments to see whether you could achieve your current objectives more effectively in some other way.

At Save & Prosper we have an exceptionally wide range of investment services which enable you to realise your aims in a simple and tax-efficient way.

By making use of these services you can also benefit from having your capital under the full-time supervision of professional investment managers.

We now manage funds of around £600 million on behalf of 700,000 people, making the Group one of Britain's leading investment services organisations.

UNIT TRUSTS

Unit trusts represent a simple way of acquiring a well-diversified equity investment, while providing a far wider spread of risk than you could readily obtain on your own. They provide easy access to investment overseas and also offer certain capital gains tax advantages as compared with direct investment in shares.

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We offer a number of funds which invest across a broad range of stock market sectors, often on a world-wide basis. This type of fund is designed for the investor who wishes to obtain the benefits of a wide spread of shares, the actual balance being decided by the fund's investment managers.

World-wide investment. Five of our funds invest world-wide and are able to take advantage of opportunities without being constrained by particular income considerations.

Universal Growth Investment-Trust
Scottish Funds Units
Capital Units Scotbits

Income objectives. A number of our funds aim to meet specific income objectives varying between high immediate income and gradually increasing income.

In view of these aims, their assets are currently invested almost entirely in U.K. equities. However, there is the freedom to invest abroad.

Income Units Scotbylds
High Return General Units
Scotincome Ebor General
High-Yield Units

Funds with specialised portfolios

These funds concentrate on particular investment situations and are intended to form only part of an individual's share portfolio. Each fund is designed for the more active investor who is seeking a wide spread of shares within a specific investment area or sector.

Specific geographic areas. Most of the unit trusts below offer an effective way of obtaining an overseas investment while overcoming the practical difficulties of currency management.

Capital Accumulator (UK) European Growth Fund
US Growth Fund Scotgrowth (EEC)
Japan Growth Fund Scotshares (Scotland)
Fund

Major investment sectors. These funds are designed for people who wish to invest in a specific international stock market sector. They provide at a reasonable cost the high level of expertise necessary to make the most of such investment.

Commodity Share Ebor Financial
Energy Industries Fund
Financial Property Share &
Securities Fund Building

INVESTMENT BONDS

The Save & Prosper Investment Bond is one of the most versatile insurance contracts now available. It can be linked to any of the three bond funds described below or to any of our 23 unit trusts, and there is the facility to switch from one fund to another at a low cost.

In addition, there is a withdrawal facility which allows you to withdraw 5% of your initial investment each year for up to 20 years, free of all personal tax during that period.

Property Fund

This represents one of the few practical ways that the private investor can enjoy a direct investment in commercial and industrial property. The fund is currently invested only in prime shop, office and industrial property in areas of good economic growth potential, both in the UK and Continental Europe.

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This provides a balanced portfolio, invested in a combination of property, equities, fixed interest securities and deposits, in proportions decided by the Managers. The Fund invests in property through the Property Fund and in equities through the Group's unit trusts.

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From time to time we are able to offer Guaranteed Income Plans which provide a high guaranteed income for a fixed number of years with a full return of capital at the end of that time.

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For further details of any of our investment services please contact your usual professional adviser—accountant, stockbroker, solicitor, bank manager or qualified insurance broker—or complete and return the coupon below.

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PORTFOLIO PLANNING II

Even with this year's recovery in share prices the stock market remains a difficult area of investment. Memories of the long bear market are a restraint.

The stock market

ONE OF the trends noted by the recent Royal Commission on the distribution of Wealth and Income was the movement over the past ten years from individual share ownership towards ownership by institutions, particularly pension funds and insurance companies. Statistics are thin but one is sufficient to pinpoint the swing—between 1963 and 1973 the proportion of quoted ordinary shares held by individuals declined from 59 to 42 per cent.

Moreover, this proportion is likely to have diminished even further recently for the 1974 bear market seemed to drive individual investors even more into "share exchange" schemes and the like—the sentiment being that it was easier, cheaper and sometimes more tax efficient to let someone else cope with the problems of the equity market.

The arguments against the investor going it alone tend to be very powerful unless he makes the stock market his hobby, scans the newspapers and stock markets reports and generally does his homework. But even the homework is not quite enough to be a successful investor. One needs to have the right temperament and to be able to combine judgment and nerve.

Assuming one has these ingredients—and people who make a successful hobby of investing are often to be found—one is likely to do better than a fund which is inevitably circumscribed by the weight it can give to individual investments if not

by its size. For example, an individual investor who got the warrant market right at the beginning of 1975 would have done much better than most professional funds which find it difficult to operate in such narrow markets even if the managers had felt like taking the risks.

Of course most individual investors are not up to trading their stocks actively and the Wealth and Income Commission also pointed out that they generally do not react to short-term fluctuations, estimating that an average of 40 per cent of investors who bought shares in a sample of newly quoted companies were still holding them 12 years later. Life has also become complicated by the technicalities of Capital Gains Tax and more recently investing overseas—which is all but impossible for the individual if he wishes to take the dollar loan route.

Clutch

But where does he go to have his portfolio managed if he does not wish to sell out completely and put his money in a clutch of unit trusts, investment trusts, etc? There are always the merchant banks, but these are really only for the comparatively wealthy since the acceptable minimum portfolio is usually £100,000 and in some cases is a lot higher. Then there are clearing banks which have substantial private client departments but are now strongly predisposed in favour of point-

ing the smaller portfolio in the direction of the inhouse unit trusts.

In addition there are large numbers of private portfolio managers and counsellors who can frequently offer the client a more flexible service (including tax planning) than their larger competitors. But the problem with this area is that it is very difficult to sort out who is competent and honest from those who may be the opposite. The investor who favours a small counselling firm on the basis of securing a more personal approach should at least make sure that the money is held by a custodian bank.

However, when most people think about going it alone, or dislike the idea of going into a unit trust or trusts, the natural course seems to lie with a firm of stockbrokers. In recent years the London brokers especially have developed the reputation of being less than interested in private clients because of the higher profitability of institutional clients. But a recent survey on stockbrokers' efforts on behalf of private clients—completed by Money Management magazine—shows that this reputation is by no means the complete picture. M&M sent over 200 questionnaires out and, while over 60 firms said that they were interested in new private clients, only a few of the big London brokers had no interest at all.

Two very useful tables showing the services that London and regional brokers offer indicate that it is still possible to

have an advisory account with a stockbroker for as little as £5,000 minimum portfolio though the average amount accepted is probably more like £20,000. In the regions it is quite usual for the minimum to be £5,000 or less and indeed the regional brokers seem particularly keen on private clients which they find cheaper to service than their London counterparts.

Split

The main split is between advisory accounts (where the client retains the initiative) and discretionary accounts (where the responsibility is passed over to the broker). Most brokers are prepared to do both but there seems to be a general trend towards preferring discretionary management—with notable exceptions.

As for the costs of having money managed by a stockbroker, they have traditionally earned their money from commission payments but some are starting to charge fees if the client's portfolio does not generate a predetermined sum in commission. This seems fair because at least the stockbroker then has complete freedom to go liquid if he thinks that it is what is required. One of the accusations (much resented), levelled at stockbrokers as portfolio managers is that they churn the portfolio to generate commission.

The advantages of private portfolio management is that

the service is—in theory at least—more personal, and the client ought to do better than a fund because the amounts involved are easier to manage and up the products to appeal to the more flexible. But there has been a strong trend towards ready-made investment vehicles like unit trusts, investment trusts, property bonds, etc., over the years and even the stockbrokers themselves have set up these vehicles for their private clients.

The use of these vehicles has become more sophisticated, however. Banks and brokers no longer talk glibly about the importance of getting the un-economic portfolio into the unit trust and there is now more emphasis placed on using unit trusts as suitable vehicles for "part of one's portfolio" rather than the whole. This is particularly the case with overseas interests and Schlesingers, for example, has concentrated on getting brokers to put part of their clients' money into the group's overseas "PIMS" schemes. The latter are indicative of the tendency in the fund business to trade in the products to appeal to the sophisticated investor who wants to retain the personal touch in a managed fund.

Currently there is also the possibility of investing in commodities via unit funds run from offshore centres although these are designed with professional investors in mind and are not allowed to advertise in the U.K. they are nevertheless open to the individual investor. In fact, looking at the whole spectrum of fund vehicle available to the investor, there is something to satisfy almost every taste, not to mention the possibility of forming a portfolio of funds which can be altered according to market conditions. This leaves the investor to decide on the timing of his investments rather than choosing individual shares.

Christopher Hill

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Keith Lewis

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PORTFOLIO PLANNING III

Life assurance remains a most popular medium for savings. The life offices provide a growing range of facilities.

Life assurance

THE FIRST decision in the management of a portfolio concerns the choice of areas in which to invest. The next consideration is what investment media are available in those areas. Direct investment in equities and fixed-interest is always possible, but this could be expensive for the small and medium portfolios. Direct investment in property is out of the question for all but the largest individual investor.

One answer to this problem would be to invest in the contracts offered by the main financial institutions, in particular those marketed by unit trusts and life assurance companies. Investment in the units of a trust or in a life policy can provide a ready-made solution to the investment considerations as to how to invest in equities, in property or in fixed interest. In fact, holding such contracts can provide the answer to most of the problems of portfolio management.

Timing

The pursuit of a successful investment policy requires a skilful selection of holdings and accurate timing of both purchases and sales. The average investor has neither the means, nor the time nor generally the know-how to perform this sequence successfully. By turning to the financial institutions, the investor is securing expert management of the funds backing the trust or the life fund. He no longer has the tactical worries of which equities, which properties, which fixed-interest securities to buy and sell. Authorised unit trusts can only invest in ordinary shares, though this can cover the whole equity spectrum, overseas as well as in the U.K. Life companies, however, can offer investors a much wider choice—property, fixed-interest and even cash as well as equity-based funds.

It is many decades since life companies first expanded their role beyond that of pure protection and entered the savings field. Since then, they have proved to be a popular savings contract over the years with small and medium investors.

The life assurance industry's involvement in savings really began with the launch of which-to-invest bonds about a decade ago. These were lump sum investments with a very high percentage of the outlay being used to purchase units in the always possible, but this could be expensive for the small and medium portfolios. Direct investment in property is out of the question for all but the largest individual investor.

Limit

The first was a marketing one, the active canvassing of lump sum life assurance contracts. Although single premium traditional policies have always been available, they were never actively sold and the life companies had up to then operated a voluntary limit of £1,000 from each investor in any 12-month period. The new unit-linked life companies that launched these bonds did not follow this practice and the limit has long been abandoned by all life companies.

The second feature represented a fundamental change in life company strategy. For when a policy value is linked to the units of a fund, it can fluctuate as the price of those units moves with market changes. Thus the investor, not the life company, accepts the ultimate investment risk. Under traditional with-profit endowment assurances, the maturity value is guaranteed to be the sum assured together with all the declared bonuses. Under linked contracts only the death sum is guaranteed in most cases.

This leads on to the third feature, the bonds are often open-ended contracts with no fixed maturity date. Traditional endowment assurances have such a date which has to be decided at outset. The lack of any investment guarantees means that a maturity date is not really necessary for a linked contract, the investor simply cashes in his units when he wants to realise his investment. The final new feature incorporated into linked contracts was that of basing the fund on a particular investment media. Traditional life contracts have a fund covering the whole range of investments—fixed interest, equities, property, mortgages. The investment guarantee means that the fund

requires a high proportion of fixed-interest stocks whose redemption dates match those of the maturities to a fairly close degree.

The first bonds sold were linked to an equity-based fund. This was followed after a few years by the property bond with the underlying fund investing directly in property. When it became apparent that this had become a defensive measure, primarily as a defensive measure, here the fund was a three-way mix of equities, property and fixed-interest on a unitised basis. Life assurance investment philosophy had turned a full circle.

Finally, when even this blend proved unable to stand up to the great bear market of 1974, with the values of all three areas falling substantially, the virtues of cash were rediscovered and the cash or money bond was launched to enable investors to remain liquid while awaiting a market recovery. Thus by a process of evolution, some companies in the life assurance industry can now offer investors a complete range of ready-made investment media—equities, property, fixed-interest and cash, all expertly managed. All that is left for the investor to decide is which type of bond, probably the most important decision in portfolio management.

Volatile

The events of the past decade have shown investors just how important is timing in portfolio management. All markets—equity, property and fixed interest—have definite trends up and down, with some much more volatile than others. It is important to decide which investment area to enter and it is possibly even more important to decide when to get out. To maximise the return on his portfolio, the investor needs a high degree of flexibility in his holdings.

Certain life companies have helped investors in this process by offering flexible contracts under which the underlying funds can be switched on favourable terms at minimal

charge. The Hambro Flexible Bond is linked to four funds—equity, property, managed cash, while Save and Prosper's contract can be switched between 24 funds, some of them based on overseas equities.

But life companies do not advise bondholders when to switch, indeed it should not be their function to offer such advice. This should come from those doing the financial planning. The insurance brokers are being drawn into this field, a natural consequence of selling bonds, although they obviously do not broadcast their advice to the world at large. One small firm of brokers, the Northampton based Anglia Insurance Brokers, has recently made available details of its advisory service based on the Hambro Flexible Bond. AIB advises clients by post when it considers it desirable to change holdings in the bond. Its record to date from inception is 60 per cent. good and it has outperformed each of the separate Hambro funds.

Flexible

The primary aim of marketing such bonds has been to preserve and increase the investor's capital. He can best do this by being flexible in his holdings. But for those investors requiring income, he can use these bonds and their withdrawal facilities. The 1975 Finance Act allows investors to cash-in up to 5 per cent of their holdings tax-free, for a maximum period of 20 years. Higher-rate taxpayers would, however, have adjustments made at the time of the final cash-in.

But the main savings purpose of life assurance is still that of providing vehicles for the steady accumulation of capital from regular savings, either traditional or unit-linked. This form of savings possesses two big advantages over all other forms—the tax relief available on the premiums (unique to life assurance) and the high level of death cover. This main purpose of life assurance should never be overlooked in any portfolio planning.

Eric Short

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Specialist managers

PERSONALISED investment comes in a variety of guises. But the industry can be broken down into four major areas of operation. For most of us, merchant banks and stockbrokers are the immediate points of contact whenever private portfolio management is mentioned. But the clearing banks have now carved themselves a substantial niche in this field and so too have a myriad of small (and some not so small) specialist companies.

In each case the services offered are extremely flexible and can be tailored to suit the needs of the individual. But they do have a common denominator in that the sums of money handled would usually be described as "sizeable." Thus at the top end of the private portfolio business, most merchant banks will not take on amounts of less than £100,000 while the average private portfolio—if such a thing could be coined—would probably emerge at over £20,000. Most specialist firms will manage funds of less than £20,000 and so will some clearing banks.

Clearers

In recent years each of the four clearers has treated trust departments employing investment managers. All four services are very flexible with clients advised to follow a course of full investment discretion but at the same time not barred from taking a relatively active part in the management of their portfolios. By and large the service operated by the clearers is much the same from one to another: their cost structure is not quite so standardised.

At Barclays and NatWest the charge for personalised investment is £3 for every £1,000 in net amount or £150 for non-dis-

cretionary management and panies will register all shares in a client's own name. Usually the client will sign a letter of intent giving the managers the power to order the bank to accept instructions with regard to cash and securities.

Such a custodian arrangement would normally be preferred by a client; it is an extra safeguard and it involves the least amount of paperwork. As for the discretionary investment authority of a manager, this would ordinarily be limited to transactions involving shares.

Reports

With most investment services it is never easy to pin-point the actual amount of "personal" work involved in a client/manager relationship. The starting point is clearly the periodic progress reports that the investor will receive. The normal procedure for the clearing banks is quarterly reviews, while the Hill Samuel Personal Financial Service provides quarterly statements and issues clients with half-yearly valuations and all contract notes. Stockbrokers tend to value portfolios less frequently than most in the industry, and written communication tends to be the exception rather than the rule.

The initial points of contact for the investor will invariably begin with a meeting with the investment manager. In the course of these initial discussions, managers will often discover a lack of overall financial planning. They will either undertake a reconstruction job themselves or effect introduction to other professionals. The pressures from the unit trust industry are intense. But many specialist firms work from a low-cost base, charge very competitive fees and have solid performance records.

Costly

Private-client business among the merchant banks has never been easy to get to grips with. Quite a few banks will not take on portfolios of less than £20,000 on the grounds that lower sums are too costly to operate. Yet discover a lack of overall financial planning. They will either undertake a reconstruction job themselves or effect introduction to other professionals. The pressures from the unit trust industry are intense. But many specialist firms work from a low-cost base, charge very competitive fees and have solid performance records.

Informal

Some investment groups demand an introduction fee and £100,000; they will include but normally these early discussions are very wide ranging. Some companies have arrangements with clearing banks whereby all shares are registered in nominee names. Fees are split into two and special accounts opened at the bank in question for the appropriate client. Other com-

panies will register all shares in a client's own name. Usually the client will sign a letter of intent giving the managers the power to order the bank to accept instructions with regard to cash and securities.

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Some investment companies value fairly often; and in practice most investment companies will be prepared to provide valuations at monthly intervals, though at an extra charge. Broadly, an investment company's standard half-yearly or quarterly valuation will include a full account of dealings undertaken, an analysis of the portfolio, a running total of capital gains (or losses) and a statement of income. In addition, some companies send out copy contract notes each time they deal.

Jeffrey Brown

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PORTFOLIO PLANNING IV

Although property has lost much of its glamour as an investment medium, the fall in values may be creating opportunities. There are a number of approaches, the advantages of which are discussed here in relation to security and prospects.

The property scene

PROPERTY'S reputation as one of the surest inflation hedges has taken a severe drubbing during the past two years. The end of the 1971-73 boom produced several well-publicised casualties, as well as a sharp fall in values—amounting to between a third and a half in parts of the City of London—in contrast to the apparent previous belief that prices would continue to rise almost inevitably.

The worst now seems to be over, however, and there has been a definite improvement in confidence over the past 12 months—caused by the end of business rent controls and the fall in interest rates at the beginning of 1975. This has been reflected in a partial revival of activity in the property investment market and a fall in yields for at least top-quality properties let at current rents.

It is still difficult to find buyers for larger properties (though the threshold has been rising in recent months), for developments, for buildings with a large reversionary potential and those in secondary positions. Moreover, while yields have been improving, the other side of the valuation equation has been less favourable. The recession has resulted in a weakening letting market and static or falling rents—most noticeably in the City of London where a figure of £15 a square foot is considered now the general maximum for good office space compared with over £20 a square foot for top-quality space only 18 months to two years ago.

The result of these contrasting influences is that the overall recovery in the market is likely to be slower and more gradual than was hoped at the beginning of 1975 with some areas remaining weak for quite a time. And this inevitably conditions both the choice and degree of commitment to any investment in the property sector.

The changes in mood are shown very clearly in the property section of the stock

market. The sector index rose from a low of 88 to over 241 in the first three and a half months of 1975—easily outperforming the market as a whole. But since the end of April the sector has lagged well behind as it has become clear that the problems of the highly geared companies will not disappear as quickly as hoped and that there is not going to be any dramatic turnaround in the profit and loss accounts of most groups.

Arguing

So the sector index has dropped by nearly a third from its peak and its overall performance is worse than the All-Share over the past 12 months as a whole. But a number of commentators are now arguing that property shares should perform better relative to the market as a whole over the next year—especially as the worst of the results have probably now been announced.

There is certainly obvious potential—particularly among the shares of the more highly geared companies such as Town and City, and Amalgamated Investment. But the sector is still only really for the selective investor since property shares

seem certain to remain volatile—responding to changes of sentiment. Moreover, the future of some smaller companies is still in doubt and it will be a long time before a number of other groups earn adequate profits or pay a proper dividend.

And even with the solidly placed and lowly geared groups, there is no general agreement either on valuation of properties or the criteria for rating shares. There are not only doubts about the relative discount to asset value, but also about the worth of any particular statement of asset value, given the patchy character of the property market at present. So any investment should be cautious and may need to be continually reassessed.

The other main way for the ordinary investor to have a stake in commercial property is via a property bond. These are, of course, not affected by the fluctuations in stock market sentiment, but are more directly influenced by changes in investment yields and rents. And although bonds, without either the advantages or disadvantages of gearing, have produced a much less volatile performance than property shares, the funds have had their own problems

during the past couple of years. Indeed, 1975 was a period of consolidation for many funds after the trauma of the previous year when many managers had to face the implications of a steady cash flow drain through redemptions. Bondholders also then had to live with a sharp fall in unit prices—amounting to 38 per cent. during 1974 for Abbey Life—event though many may have believed, along with large sections of the property world during 1972-73, that values could only go on rising.

The position stabilised during the first few months of 1975 as the slow revival in the investment market halted the decline in unit prices and also reversed the outflow of funds. For example by September Abbey Life was able to report a monthly inflow on single premium business of £2m. to £3m. (plus £1m. on regular premiums) compared with a maximum outflow of £8m. at the worst period of 1974. And there has been a broadly similar trend in most of the other major bonds.

The average unit price touched bottom right at the beginning of 1975. According to the Money Management and Unitholder magazine weighted property bond index of the 10 largest funds (with income re-

invested and January, 1975=100) the peak was 116.5 in January 1974 followed a year later by a low of 87.1. Since then there has been a slow recovery to a figure of 98.1 at the start of last month—and, of course, the extent of the decline in underlying property values over the last two and three years is hidden by the reinvestment of rental income and by the cushioning effect of the sizeable cash holdings of many funds.

Range

This weighted index includes a wide variety of relative performances from a gain of 11 per cent. to a drop of 42 per cent. since early 1973 though the spread is rather narrower for the bigger funds. Indeed, one of the lessons of the past two years is that, unlike other investment vehicles, smallness is not necessarily best in property bonds. Larger funds have the flexibility to pick a wide range of property and not be over-dependent on the fortunes of any particular building or type of holding. A number of funds have put too much of their assets in one property—the most well-known example being Tyndall with Piercy House in the City, which at one time in 1974 accounted for over

three-fifths of its whole portfolio.

Both this point and the dangers of becoming involved in wholly speculative developments were underlined by the Nation Life episode—though many funds have only carried out development jointly with property companies and on the basis of rental guarantees. But as in the property world as a whole there is now a reluctance to undertake new schemes or to become involved in new schemes on the Continent.

After the stabilisation of the last 12 months, the present might appear to be a good time to buy a property bond—especially as the current halt on new development could produce another sharp rise in rents by the late 1970s or early 1980s according to the industry's conventional wisdom. But before then there is the prospect of a weak letting market for at least the next year to 18 months with falling rents—especially for central London offices—though so far this has not prevented a drop in investment yields (and consequent rises in values).

It is probably best to look at funds of over a certain minimum size—say £2m.—with a wide spread of investments, no undue concentration on any particular sector or on development, and with a fair liquidity margin. This offers the prospect of a solid, if not spectacular performance, though rewards, and risks, may be greater with certain smaller funds, where the sale or revaluation of an individual property can make such a large difference.

Peter Riddell

Cash and the flexibility it can give are being given increasing emphasis. Equally, fixed interest stocks offer opportunities.

Cash and fixed interest

On the other hand the small investor would be seeking a high running yield with the minimum of risk to capital values. High coupon stocks with a life of not more than 15 years would be the call of the day here.

Treasury 9½ per cent. 1989 is standing at a reasonable discount with a running yield of 10.3 per cent. while a slightly longer date such as Treasury 11½ per cent. 1981 is giving a yield of 11.66 per cent. A 15-year stock like Treasury 8½ per cent. 1987-90 is yielding over 12 per cent.

While it is possible to obtain higher running yields in the long dated and undated stocks it does mean that the investor's capital would be locked in for a greater length of time in the event of a sudden rise in interest rates.

Many small investors may find that the sum that they have available to invest in gilts is so small that it would be uneconomical to deal through a broker. In which case it might be worth pointing out that a reasonable selection of stocks are available from the Post Office. Commission rates here are much lower than those of a broker while at the same time interest is paid gross, which saves the nil tax payer the problem of claiming back tax.

In the past it was always possible to get an even higher return on an investment, admittedly with a greater risk, from Corporate fixed interest stocks such as debentures and unsecured loan stocks. However, events over the past six months has left corporate stocks relatively unattractive against gilts. The sudden upsurge in prices has stemmed from the now common practice of companies either buying in their own stocks, thereby supporting the market, or actually making an early redemption, often several points above the market price.

This factor together with some useful repayment following companies being forced into liquidation has led to an unprecedented level of activity in the fixed interest market. Yields of top line debentures have been forced down to within 50p per cent. over the comparable gilt compared with a figure approaching £1.60 per cent. a year ago.

In the circumstances it may be wise to leave this sector to the professionals, particularly in the short term, although there is some case for an investment in convertibles. There are a number of convertibles that are now giving a useful return over the equity while at the same time the conversion premium has been reduced to a minimum. As such it could prove a worthwhile exercise to switch out of the ordinary into the convertible. Any further rise in the ordinary would be reflected in the convertible price while the yield factor does offer protection in the

event of some shake out in the equity market.

By and large the investment avenues already discussed tend to result in capital being locked in for a reasonable length of time and with the fall in equity prices and the sharp rise in interest rates that took place a couple of years ago still fresh in the mind it is not surprising that many are anxious not to get caught again. It is probably for this reason that the local authority yearly bonds have proved so popular. A batch of these are issued each week and the current rate of interest is 11½ per cent. against a 1975 peak of 13½ per cent.

To spread the risk even further there are a number of high yield funds available to the private individual and returns here can range from 12 to 13 per cent. The range of investment vehicles is therefore clearly wide and there remain a number of interesting possibilities to suit most types of investor.

David Wright



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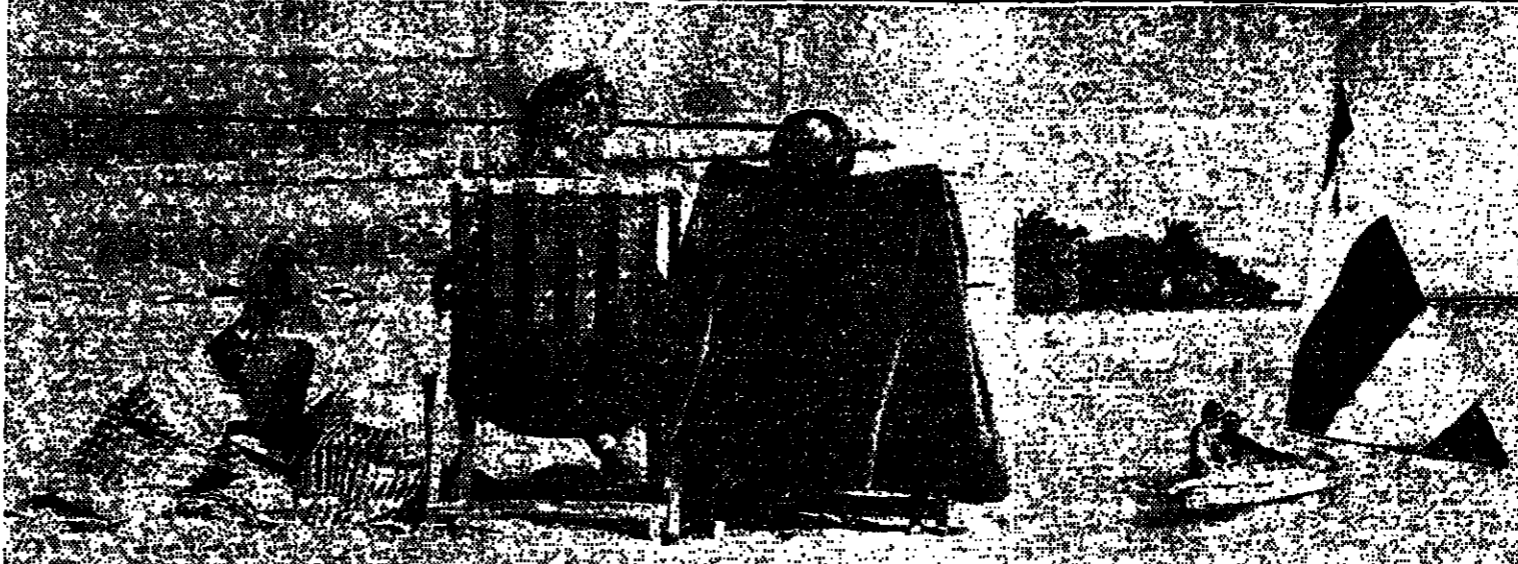
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LO 10 A

Shortage of money and political tensions are both expected to influence 1976 holiday patterns. The travel industry is launching itself into the new holiday year expecting changes in travel habits—but it is uncertain what these changes will be. Arthur Sandles reports



TRAVEL'S TOP TEN

Destination	£m. spent
Spain	154.5
France	72.3
Irish Rep.	64.2
Italy	52.3
U.S.	34.4
W. Germany	33.0
Netherlands	19.5
Austria	19.0
Greece	18.7
Belgium/Lux.	16.7

The figures are for the year 1974. The Irish figure includes a high ethnic element. If numbers of visits are counted rather than cash spent, the table changes somewhat. The U.S. would be much lower in the table and Belgium somewhat higher. The top three, however, remain unchanged.

Source: Dept. of Industry

Flying out on a wing and a prayer

TRADITIONALLY this is the time of year when the travel supplements really start to appear in force. Although each of the past five or six years has seen the main holiday booking period move a little closer to departure dates, the big promotional effort remains concentrated in the post-Christmas period. The British, it seems, always need something to look forward to and, after the mid-winter festivities, the next big thing for most is the summer holidays.

This year, however, the travel industry has been placing its advertisements with not a little niggling. The market performance in such an odd way in 1975 (odd in the sense that it was not widely predicted) that everyone has been thrown off balance. Are the British going to travel at all in 1976? If so, where will they head? Will Spain remain quiet? What will happen to the pound? Unfortunately the next nerve-racking episode will not see our heroes break free with one leap. The travel industry knows that it is in for a difficult time.

Revolutions

Of course, a business which has seen such spectacular events as the collapse of Court Line, its war in the Middle East, revolution in Greece and Portugal, visits abroad by Britons in that and outbursts of cholera in recent years is used to difficult times. And in 1976 at least most

nally up, to \$682.9m., thanks to inflation and the rapid fall in the value of the pound.

These figures include business travel as well as holiday trips. But a look at the main holiday destinations gives some clue why Court Line collapsed at the time it did. Traffic to Spain dropped substantially—from a 1975 peak of 2.8m. Britons to a shade over 2.2m.—and Spain was the bread and butter of Court Line's holiday market. British visits to Italy were down by 19.4 per cent.

The decline was visible all round, with only the Benelux countries and Denmark able to make ground while all others among the holiday haunts were in retreat. Traffic to the U.S. and to Canada, much more family and business related, were also up.

This trend continued into 1975, with some variations. Almost certainly Spain recouped some of its losses, while Portugal suffered very badly.

The prospect of Spain frightening off the tourists in 1976 is the one that batters the travel industry most of all. Spain alone probably has more than half the package-tour type beds of the Mediterranean basin, and there is simply no way in which passengers could be diverted to these beds were withdrawn from the market, or if the consumers refused to occupy them. It would not need a revolution in Spain to produce such an eventuality. A

few awkwardly timed disturbances in holiday areas would be enough. Portugal, whose troubles were mainly in the north but whose tourist industry is centred in the south, showed yet again what a nervous group tourists are.

Spending

Unfortunately it is not only the thought of troubles abroad which keeps the tour men worrying. The key to many a corporate planner's views at the moment is the assessment made of British consumer spending over the next six months. Although Mr. Wilf Jones, chief executive of Cosmos Tours, ran into some argument when he talked of the revolution in travel, there is evidence to support him. There is little doubt that in 1975 the blue-collar sector maintained its financial position rather better than the white-collar and grey-collar sectors.

It appears that some of the travel slack taken up by these "new" travellers. Mr. Gerry Draper, the British Airways travel division head, has now added his weight to the worker revolution argument. Although Thompson, the biggest of the big three, has tended to dismiss the theory as a myth, to some extent the industry needs to clutch at the blue-collar straw because its traditional hunting grounds are patently under pressure. The most obvious indication of this

is the rapid decline over the past two years in the second holiday market, a business which grew with late 1960s affluence. Winter sunshine, winter sports and winter cruising have all suffered badly for the last two years. Pickfords, one of the biggest retail/package tour groups, did not even bother producing a winter brochure this year "because we saw the writing on the wall."

Whatever writing Pickfords saw has been subsequently read by others. Operator after operator says that the winter has been miserable as hard-pressed customers have cut out luxury expenditure.

Most argue, however, that the main annual holiday is no longer regarded as a luxury by the average British family. Almost two-thirds of the population has a holiday of some sort away from their own door steps each year, even if it is only a modest few days stay by deal relations. It takes a great deal to break a family of the holiday habit, although some holiday arguers, like Mr. Denis Healey, are trying his hardest. Against those who insist that holidays are a luxury the travel men simply point to statistics which show quite clearly that other major purchases—new cars, television sets and hi-fi, for example—which might be regarded as competitive "luxuries"—have suffered much more than holidays.

It cannot even be argued with much force that this is because holidays have not risen in price like the rival offerings. A peak season, two week holiday with "blue collar" Cosmos on the Costa Blanca will cost a basic £100-plus and holiday prices have risen by 15-20 per cent in each of the past two years. Surcharges, too, have added considerably to the burden as tour operators and airlines sought to recoup possible losses as a result of changes in the exchange rate, and the increasing price of aviation fuel. There were signs of consumer resistance but perhaps more significant, very strong indications that customers wanted reassurance. Those companies which offered guarantees of some sort in 1975, notably Thomson, British Airways, profited as a result and have now provoked a deluge of competing offers from their rivals.

To any other businessman the idea of freezing prices for one year ahead in present circumstances would seem unthinkable. But this is precisely what American Express has done, along with Olympic and Castle. British Airways and Swans are among those guaranteeing prices to early bookers, and companies such as Thomson have complex guarantees which include provision for cancellation if prices rise by more than 10 per cent.

It is suggested that the potential risks of such guarantees are

too great, although obviously the companies involved strongly deny this.

What the travel industry will have to grapple with if the pound were to fall is the prospect of more than 2m. people asking for their guarantees to be honoured. This would be no minor incident. If, to take this unlikely case, sterling by mid-summer has fallen by 10 per cent against the peseta it would mean some £2.50 per average tour would have to be found—and £2.50 is a great deal more per head than the profit most tour companies expect.

Wider base

Assuming that not too many people will be put off by the problems, where will everyone head for this year? There is little doubt that the tour operators will do their best to steer people away from Spain, not to protect themselves against difficulties this year but in order to build a wider base for the future. Attempts to do this on a grand scale in the past have met with little success. Tunisia had a chance to snatch much of the audience but let it slip. However, the operators will be even keener this season to push travellers towards Greece, Italy and even Turkey.

Without pushing many holidaymakers will turn to their own vehicles and take the motor holiday. The buoy-

ancy of motoring travel in spite of rising fuel prices has been one of the surprises of the past couple of years and the healthiness of the traffic not only out of Britain but also into the U.K. has encouraged more yessels on to the sea routes around our coastline. This is partly tied up with the general trend towards self-catering, with camping, villa and holiday camp trips taking a larger share of the market than in the past.

Both these movements should help France, Belgium, Holland and, naturally enough, the domestic market. However, this does not mean that Britain's seaside boarding houses and hotels will be full. Having tasted the delights of Majorca, the Briton does not eagerly return to his old domestic resort haunts, preferring, it appears, to stay with friends, to rent accommodation, to use holiday camps or just to make day trips.

At the more glittering end of the scale the British are showing a renewed interest in the Caribbean and the Far East. This year's "in" places are Guadalupe, Martinique and virtually anywhere in the South Pacific. It can cost you more than £500 for a couple of weeks, and the travel agent could collect 11 per cent for making the booking. So try to make the reservation early—he needs the money.

LABOUR NEWS

Drivers threaten Ford production

BY ROY ROGERS, LABOUR CORRESPONDENT

FORD MOTOR production at Halewood, Merseyside, and possibly at other U.K. plants, is threatened by a pay dispute involving delivery drivers employed by Silcock and Colling.

The 250 drivers at the company's Speke, Liverpool depot are to meet on Monday to decide whether to proceed with a threatened strike in protest at a pay offer which they maintain is worth only 2.5 per cent. "Productivity" is attached to a further 2.5 per cent offer which has been rejected as "totally unacceptable."

The Liverpool drivers are seeking the full £5 a week allowable under the Government's pay policy, as are their colleagues at other Silcock and Colling depots in Dagenham, Coventry, Langley, Southampton, Dover and Newport. Millenary shown by the Liverpool drivers may well be linked to recent redundancies announced at the nearby Warrington depot where 20 men are to lose their jobs following the loss of a contract with the Action by the Merseyside drivers could halt Ford production at Halewood after about a week.

Stricter car curbs urged to save bus services

BY OUR LABOUR STAFF

FURTHER RESTRICTIONS on private motoring in cities and in the countryside for public transport are needed to rescue bus services, says the Labour Party.

The party's new "Transport and General Workers Union" has published details of the case it has put to the Government for reversing a decision to cut the passenger transport subsidy.

Like the three rail unions, the TGWU hopes to influence the outcome of a transport policy review being prepared by the Government and expected to emerge in February after further talks with all the unions involved.

Cuts in bus services will be resisted until the review is complete, the TGWU said.

A conflict between road and rail unions was highlighted yesterday by the TGWU suggestion that a 2 per cent of the money allocated for the railways be redirected to bus services over

Site's six-month dispute ends

BY OUR MERSEYSIDE CORRESPONDENT

NINE ELECTRICIANS who first time in four years there is have not worked for six months on the site of the Island Revenue engine block in Runcorn, Merseyside, yesterday agreed an agreement which will give them a 2 per cent pay rise and a 10 per cent bonus.

The men will return to normal working on Monday and for the

Production of British Leyland's Triumph TR7 "Bullet" sports car could also be hit.

Backdated

Meanwhile, some 20,000 British Leyland workers in the Midlands have won the full £5 a week increase which will be paid as a lump sum allowance backdated to October.

For the 17,000 manual workers at the Austin Morris plant in Birmingham the £5 comes on top of a main production rate of £5.50 a week. At the nearby Luton plant transmission plant the increase is in addition to a rate of £5.50 a week.

The 16,000 or so Leyland workers at Cowley, Oxford, are also in line for pay increases from next month. The full £5 has already been claimed by the Transport and General Workers Union for its members who make up the bulk of workers at the body plant. A similar demand is expected to be tabled by the TGWU.

At the nearby Luton plant transmission plant the increase is in addition to a rate of £5.50 a week.

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At the nearby Luton plant transmission plant the increase is in addition to a rate of £5.50 a week.

Jackson calls for independent inquiry into Lifeguard

BY STEWART FLEMING

MR. DAVID JACKSON, who formed a Policyholders Protection Committee to help customers of the failed Nation Life Insurance, has intervened in the affairs of Lifeguard Assurance, the Lloyd's broker-backed company which has been forced to stop taking new business.

In an open letter to Sir Anthony Grover, a former chairman of Lloyd's and chairman of Lifeguard, Mr. Jackson says that in recent weeks Lifeguard policyholders have written to him asking for help.

Mr. Jackson, in his letter, appeals to Sir Anthony to circulate all policyholders of Lifeguard immediately to advise

them of the situation of the company.

He asks for an independent inquiry to be started to discover how Lifeguard finds itself in its present position, and to recommend on future changes.

He urges a further circulation to policyholders to follow publication of the independent report, to advise policyholders of its findings and to include a clear statement as to changes which will follow.

Mr. Jackson then says he has also written to the chairman of Lloyd's with a request that he should consider the control and ownership of insurance companies by Lloyd's in-terest.

surance broking companies, because "I believe it produces an unanswerable conflict of interest."

He concludes his letter by stating that he believes policyholders should be legally entitled to certain information, and states he would like to see a "policyholders' charter" which would include a circulation requirement in the event of a situation occurring such as is now the case with Lifeguard.

"If you are concerned about the cost to the company of circulation, then I believe the shareholders of Lifeguard should consider bearing this cost themselves."

Town councils add pressure to Spanish amnesty call

BY ROGER MATTHEWS

MADRID, Jan. 2.

THE MOUNTING clamour for a full political amnesty in Spain—by all left wing parties as the essential first step towards a more democratic society—has now been joined by several town councils. Although supporters of the late General Franco naturally dominate all such official organisations this has not prevented councillors in such major towns as San Sebastian and Pamplona voting in favour of a full amnesty.

Together with other towns they have sent telegrams to King Juan Carlos asking him to extend the partial pardon that was conceded shortly after his swearing-in as head of state. According to Justice Minister Sr. Antonio Garrigues, the Government is

taking note of all these requests, but has yet to study the matter formally in cabinet.

Sr. Garrigues yesterday echoed the extremely cautious line that he has adopted by the Government. He said that certain aspects of relevant laws needed to be studied fully, especially the various articles of the penal code, and that Ministers would not be pressured by individual action groups.

Demonstrations in favour of an amnesty have continued over the new year holiday with police under instructions not to interfere unless a breakdown in law and order seems imminent.

Surprised demonstrators have on several occasions spontaneously

applauded the "restraint" of the police.

However the Government has yet to expound its political programme, a task that the Prime Minister Sr. Carlos Arias is expected to undertake before the end of this month. Since the swearing-in of the cabinet, Sr. Arias has adopted an extremely low profile, while the King has left Madrid for a skiing holiday.

This has left, as expected, Sr. Fraga Iribarne, the Interior Minister, Sr. Jose Maria de Arellano, the Foreign Minister, and Sr. Garrigues to make all the political running, thus reinforcing the impression that these are the three men who will effectively dominate the Government in the coming months.

Three in line for chairmanship of Stock Exchange

BY MARGARET REID

IT NOW seems certain that only three candidates will be in the field in next Tuesday's election for a new Stock Exchange chairman to succeed Mr. Michael Marriott, who died last month.

All three were in the running during the vote by the Exchange's Council last March. The first in its history—which selected Mr. Marriott. They are Mr. David LeRoy-Lewis and Mr. James Dundas Hamilton, both deputy chairmen, who are aged 57 and 56 respectively, and Mr. Nicholas Goodison, who is 41.

In last year's vote Mr. Goodison was the runner-up to Mr. Marriott.

Mr. LeRoy-Lewis, who is chair-

man-designate of Akroyd and Smithers, the large stockjobbing concern, would, if elected, be the first jobber for many years to hold the post. The last to be chairman was Sir Henry Urring Clark, who died last year and who had been chairman before Sir John Brathwaite in the early 1950s.

In the past jobbers were not favoured as chairman because their working day was spent on the floor of the House, but this argument now has far less force since senior jobbers like Mr. LeRoy-Lewis are essentially administrators, operating from their own offices.

The chairman is chosen by the Council, composed of 44 members, who are expected to make their selection next Tuesday morning. It is anticipated that a vote will be taken, if necessary running to two ballots to produce a candidate with an overall majority, who would then be unanimously elected by the Council.

Mr. LeRoy-Lewis has been a member of the Council since 1961 and Mr. Hamilton, a broker in the firm of Fielding Newson-Smith, has been a Council member since 1972.

Mr. Goodison, senior partner in the broking firm of Quilter Hilton Goodison, joined the Council in 1968 and is chairman of its membership committee.

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Now work out the subscriptions you would make between now and the policy anniversary prior to your 60th birthday. (If you're over 51 now, work it out as 8 times your annual subscription. Maximum age at entry is 57.) The sum you end up with is the amount of your life cover.

Out of every £100 you subscribe £90 is invested in units, £10 covers life assurance and expenses, but for every £100 you subscribe you will be allowed up to £17.50 in tax relief. This means that for each £100 subscribed the net cost for most of our subscribers after tax relief would be £82.50, and yet £90 will have been invested in international units on your behalf.

Eventually when your accumulated units are worth more than the sum assured, the amount invested goes up to £97 per £100 invested yet the net cost of your Plan remains the same.

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Unlike many plans, there is no penalty for cashing in before a fixed maturity date. Simply because there is no maturity date. You may call for the cash any time you wish and we'll return to you the entire market value of all your units, less a deduction not exceeding 20% of one year's subscriptions. If you decide to stop subscribing in the first 4 years the Inland Revenue may require us to refund to them a portion of the tax relief to which you may have been entitled, in which case an appropriate deduction will be necessary.

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Have you had any medical attention during the past 6 months? YES/NO. If YES, please give details.

I declare that I am in good health and agree that this application shall be the basis of the contract.

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DATE

A remittance for the first payment must accompany this application. All payments thereafter must be by banker's order or Giro standing order or please tick box for appropriate form.

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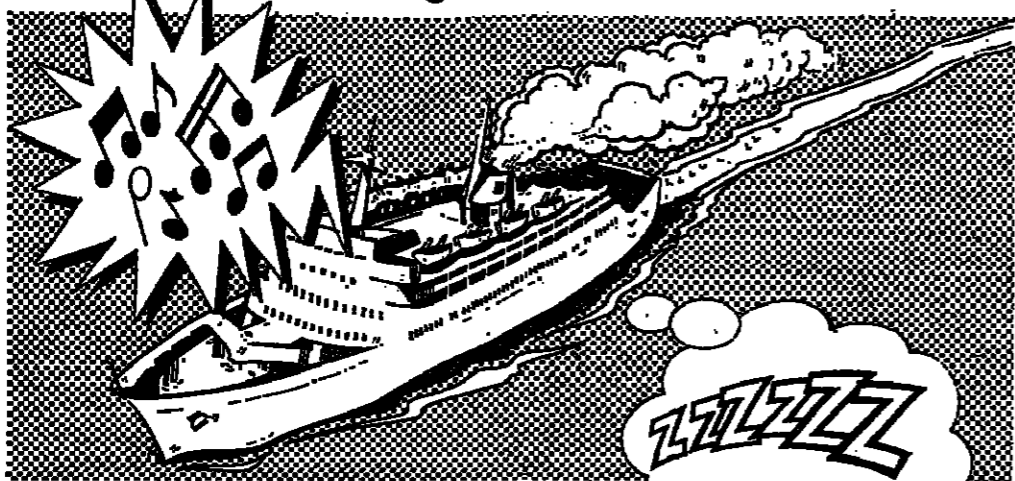
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P&O Ferries

As you'd expect, a better kind of ferry.

A ferry to fit most plans

By Arthur Sandles

LONG BEFORE I ever actually made any journey to foreign shores I recall turning the pages of an old bound copy of Punch which turned up at the bottom of some family cupboard. Something caught my childish eye at the time. It was a cartoon in a series of "Popular misconcep-

tions," and the theme of this one was "Crossing the Channel." No matter how ill-conceived the image may mean to have been, its vivid portrayal of towering waves and little ships being thrown high and low by the elements was to stay in my mind for years.

When the summer came to make the journey for the first time it was all rather a disappointment. The sea was as calm as the proverbial millpond and the trip bordered on the civilised. Another illusion was shattered, thankfully perhaps, since I have come to know and dread bad crossings even if they are few and far between.

Times have changed a little over the past century or so. The number of ways of crossing the Channel, the Irish Sea and the North Sea has mushroomed. Aircraft and hovercraft compete with more traditional vessels. In fact the offerings are now so broad in scope that to list them is a somewhat pointless exercise—except perhaps to point to the fact that some departure points which are sometimes overlooked do exist and can be useful. Sheerness, Ramsgate, Middlesbrough and Great Yarmouth are all departure points these days.

To-day, choosing a ferry is much more a question of deciding where you are going, when you want to go and what type of transportation you prefer. Gone are the days when holiday-makers had to be planned around a ferry. Now there is a ferry to fit most plans. Obviously the more unusual your departure point, or the longer the run, the more you will need to book in order to be sure of getting a place. Dover remains the first choice for the non-planners, although even there you are likely to come unstuck on the few days in the year when traffic reaches its peak.

Blurred

Just as the route structure has altered over the years, so have the ships themselves. As the cruise vessels of the world have shrunk during the past decade, so the ferry ships have grown in size so that the line between them has become blurred. Some of the newer ferry vessels, particularly those used on the Scandinavian and Iberian runs, are actually used for cruises and have package tours built around them. Some of the ships, operated by such companies as Azmar, Tor and Swedish Lloyd even come complete with swimming pool.

The reason why the ferry vessels of to-day have grown so much in size and sophistication is of course their basic popularity. Ferry traffic may not have boomed in the mid-seventies as much as was once predicted, but it has proved a great deal more healthy than some other sectors of the holiday industry. With the psychological pressures that have been brought against the motorist in recent years, particularly in the form of increased fuel prices, this is an intriguing buoyancy.

It must to a large degree be due to the measure of independence which a motoring holiday abroad gives to the family concerned. A few days of over-indulgence can be corrected by a succession of picnics; a bad choice of resort simply leads to the decision to go elsewhere; and if the money runs out completely the whole family can turn and head for home.

Another major plus of course is that there are no baggage problems if you take your own car, unless your baggage demands are of an extreme biased towards the British.



British Rail's Seaspeed hovercraft terminal at Dover.

Before you go

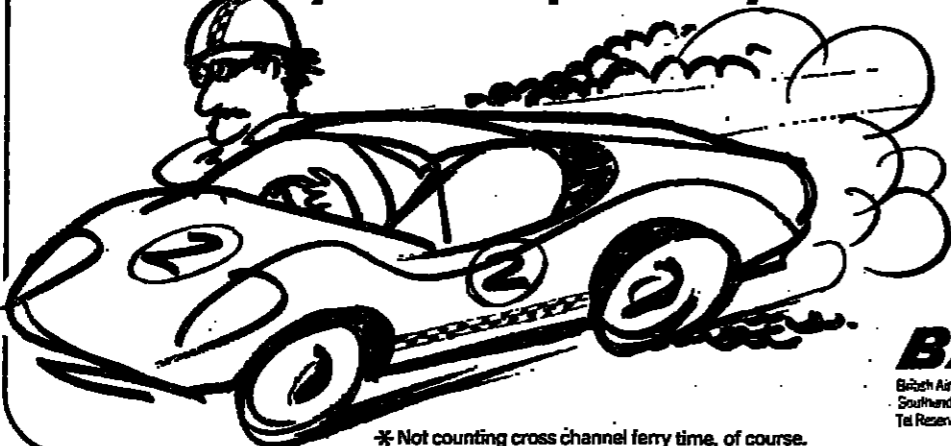
ENTRY INTO THE Common Market has changed some of the rules affecting car travel in Europe, and changed them in such a way that it is easy to be lulled into a sense of false security. Notable on the list of course, is the subject of car insurance. As a result of Common Market membership your ordinary British car policy gives you basic cover in the countries of the Common Market and in Austria, Czechoslovakia, East Germany, Finland, Hungary, Norway, Sweden, and Switzerland. The words to note are "basic cover," and that means only the cover that is required by law in the country concerned. The cover in fact varies considerably and is always a long way removed from the cover given you by your own policy when you are on British roads.

This means that while the man at the frontier may not actually ask to see your green card, you would be foolish not to check with your insurance agent or company to see what sort of cover you have for the place you are visiting. A green card is still almost a necessity by most standards and in many countries of course an actual legal requirement. Spain, Turkey and parts of North Africa are obvious examples.

The procedures can be time consuming and frustrating, particularly if you are in a rural area and do not speak the language. Imagine a member of the party falling ill, leaving a complex procedure to be gone through by someone else who is probably upset and not a little frightened. Again, additional insurance taken out in the U.K. before departure is probably worthwhile, if only to peace of mind.

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So go abroad with your car. Stay where you want. Go back for another look. Explore instead of only glimpsing. Find new places—not just the regular tourist track. And start and finish your holiday the best way—Townsend Thoresen style!

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Two more new Super-Vikings this year... and you'll enjoy travelling in any of our ships. They're roomy, large, easy to drive on and off, designed for your comfort. Stroll in the sea air, unwind in a cheerful bar, have a good meal—there's a restaurant and buffet. Shop for duty-free bargains, snooze quietly in a comfortable seat or cabin.

More routes

Townsend Thoresen now offer six ways to the Continent. Portsmouth—Cherbourg; Felixstowe—Zeebrugge (in easy reach of the Midlands and North, and avoiding London); Dover to Calais and Zeebrugge; Southampton to Cherbourg and Le Havre. For Belgium, Holland, Germany or Scandinavia, sail to Zeebrugge—also a good



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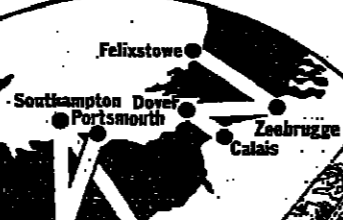
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Get the Holiday Planner, a free 28-page colour brochure with details of ships, sailings, routes, caravans and camping holidays and lots of other useful facts. Send the coupon for your copy.



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Table with multiple columns listing various financial data, including company names, shares, and prices. Includes sections for 'NEW "HIGHS" AND "LOWS" FOR 1975/76' and 'NEW HIGHS (125)'.

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Table titled 'BUILDING SOCIETY RATES' with columns for Society Name, Share Type, and Rate. Lists various building societies and their respective rates.

Table titled 'U.K. CONVERTIBLE STOCKS 2/1/76' with columns for Name and description, Size, Current price, and Conversion date. Lists various convertible stocks and their details.

Table titled 'LOCAL AUTHORITY BOND TABLE' with columns for Authority, Annual gross interest, and Minimum life of bond. Lists various local authority bonds and their details.

STOCK EXCHANGE REPORT

Good start to markets in 1976 following MLR cut

Share index jumps 9.1 to 384.8—Golds improve

Account Dealing Dates

Option

First Declared Last Account

Dealings Dates

Dec. 12 Dec. 23 Dec. 24 Jan. 7

Dec. 20 Jan. 8 Jan. 9 Jan. 20

Jan. 12 Jan. 22 Jan. 23 Feb. 3

"New time" dealings may take place

from 9.30 a.m. two business days earlier.

With sentiment boosted by the

surprise announcement of a 1 per

cent reduction to 11 per cent.

in the Minimum Lending Rate, the first

day of business in 1976 in stock

markets started with a flourish.

British Funds traded firmly

throughout the session and final

quotations were up to 1 higher.

The Government Securities index

uninterrupted rise of 1.78 over

the last 11 trading days.

Despite a low level of business

—official markings of 4.37 com-

pared with 6.008 on Wednesday—

leading Industrials had one of

their best days for some time.

Earlier gains were extended

further by a few pence or so

following the afternoon cut in

MLR and the FT 30-share index

closed 9.1 higher at 384.8, up at

decisively breaking through the

old 1975 peak of 377.8 touched

November 19 last. The sharp

improvement owed much to the

lack of sellers and a shortage of

stock.

Second-line issues were by no

means left out of the picture,

this being reflected in the 51

majority of rises over falls in FT

quoted Industrials and a gain of

1.5 per cent in the more broadly-

based FT-Actuaries All-Share

index to 160.52. Of the more

noteworthy Property shares

were particularly good.

Some fairly substantial rises

were mirrored in a gain of 3.6 per

cent to 140.79 in the FT-Actuaries

index for the session.

Funds surge on

ignoring cautious views of 1976

prospects. British Funds extended

their recent strong upturn.

Opening firmness was not based on

Minimum Lending Rate hopes,

although confidence that the rate

would fall began to grow from

mid-day onwards and the official

announcement, made at around

3.15 p.m., was thus no great

surprise. By that time, medium-

dated issues were showing gains

extending to 1, the result mainly

of a marked stock shortage, while

more genuine rises of 1 were

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reduction in Lloyds base lending

rate which followed the 1 per

cent cut in Minimum Lending

Rate to 11 per cent, had little

impact on the big four Banks.

National Westminster ended 3 up

at 258p and Barclays were 5

pence better at 300p, while Midland

closed only 2 to the good at 244p.

Merchant banks firmed through-

out. Leopold Joseph added 10 to

225p, and gains of around 3 were

seen in Hill Samuel, 189p, Keyser

Ullmann, 48p, and Edwards Bates,

43p. Further consideration of the

proposed boardroom changes

helped First National Finance

edge forward a shade more to 21p.

Closing gains in Insurances

were 8, as in Pearl, 224p.

Guardian Royal Exchange gained

7 to 202p and Legal and General

6 to 138p.

Breweries firmed throughout,

with Allied 3 better at 70p ahead

of Lloyds, which improved 2

on the news to close 7 better on

interim figures due Jan. 13

while Plessey hardened 2 to 67p.

GEC in demand

Electricity giant gained

ground during a reasonable turn-

over, with GEC, up 7 at 149p,

attracting particular attention

following favourable Press com-

ment. While the new

nil-paid shares closed at 5p

premium and closed at 6p

premium following a reasonable

business. Supermarket edged

higher, with Sainsbury's finish-

ing 3 better at 131p.

J. Lyons "A" moved up 4 to

142p in Hotels and Caterers. After

recent strength, Swan closed 5

up at 121p, following the Board

reorganisation and the share dis-

posal by the outgoing chairman,

Mr. Dermot A. Ryan.

Channel Tunnel react

Light buying interest was suf-

ficient to spur a rise in the

industrial shares forward to close

at the day's best with gains to

12, as in Unilever, 442p. Boots

rose 7 to 133p and Glaxo 8 to

121p, while Marks and Spencer

another 2 to 153p ahead of next

Tuesday's interim announcement.

Amsterdam support left Philips

Lamp 38 up at 585p following

news of the 322m sale of U.K.

television rental assets to Elec-

tronics Rentals, but the latter,

shares which took place earlier

after recent strength, shed 2 to

70p despite the forecast jump in

Bestwood, on the other hand,

advanced 7 to 17p in a thin

market in response to 17p in a

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FINANCIAL TIMES STOCK INDICES

	Jan. 2	Dec. 31	Dec. 30	Dec. 29	Dec. 28	Dec. 27	Dec. 26	Dec. 25	Dec. 24	Dec. 23	Dec. 22	Dec. 21	Dec. 20	Dec. 19	Dec. 18	Dec. 17	Dec. 16	Dec. 15	Dec. 14	Dec. 13	Dec. 12	Dec. 11	Dec. 10	Dec. 9	Dec. 8	Dec. 7	Dec. 6	Dec. 5	Dec. 4	Dec. 3	Dec. 2	Dec. 1	Dec. 31	Dec. 30	Dec. 29	Dec. 28	Dec. 27	Dec. 26	Dec. 25	Dec. 24	Dec. 23	Dec. 22	Dec. 21	Dec. 20	Dec. 19	Dec. 18	Dec. 17	Dec. 16	Dec. 15	Dec. 14	Dec. 13	Dec. 12	Dec. 11	Dec. 10	Dec. 9	Dec. 8	Dec. 7	Dec. 6	Dec. 5	Dec. 4	Dec. 3	Dec. 2	Dec. 1	Dec. 31	Dec. 30	Dec. 29	Dec. 28	Dec. 27	Dec. 26	Dec. 25	Dec. 24	Dec. 23	Dec. 22	Dec. 21	Dec. 20	Dec. 19	Dec. 18	Dec. 17	Dec. 16	Dec. 15	Dec. 14	Dec. 13	Dec. 12	Dec. 11	Dec. 10	Dec. 9	Dec. 8	Dec. 7	Dec. 6	Dec. 5	Dec. 4	Dec. 3	Dec. 2	Dec. 1	Dec. 31	Dec. 30	Dec. 29	Dec. 28	Dec. 27	Dec. 26	Dec. 25	Dec. 24	Dec. 23	Dec. 22	Dec. 21	Dec. 20	Dec. 19	Dec. 18	Dec. 17	Dec. 16	Dec. 15	Dec. 14	Dec. 13	Dec. 12	Dec. 11	Dec. 10	Dec. 9	Dec. 8	Dec. 7	Dec. 6	Dec. 5	Dec. 4	Dec. 3	Dec. 2	Dec. 1	Dec. 31	Dec. 30	Dec. 29	Dec. 28	Dec
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10.5 This service is available to every Company dealt in on
3.1 Stock Exchanges throughout the United Kingdom for a
4.2 fee of £335 per annum for each security
3.7

